We the People

Charles Pinckney

Charles Pinckney

John Rutledge

J. Rutledge

Pierce Butler

Pierce Butler

Charles Cotesworth Pinckney

Charles Cotesworth Pinckney

Article I

Section 1. All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Section 2. The House of Representatives shall be composed of Members chosen every second Year by the People of the several States, and the Electors in each State shall have the Qualifications requisite for Electors of the most numerous Branch of the State Legislature.

No Person shall be a Representative who shall not have attained to the Age of twenty five Years, and been seven Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State in which he shall be chosen.

Representatives and direct Taxes shall be apportioned among the several States which may be included within this Union, according to their respective Numbers, which shall be determined by adding to the whole Number of free Persons, including those bound to Service for a Term of Years, and excluding Indians not taxed, three fifths of all other Persons. The actual Enumeration shall be made within three Years after the first Meeting of the Congress of the United States, and within every subsequent Term of ten Years, in such Manner as they shall by Law direct. The Number of Representatives shall not exceed one for every thirty Thousand, but each State shall have at least one Representative; and until such Enumeration shall be made, the State of New Hampshire shall be entitled to chuse three, Massachusetts eight, Rhode-Island and Providence Plantations one, Connecticut five, New York six, New Jersey four, Pennsylvania eight, Delaware one, Maryland six, Virginia ten, North Carolina five, South Carolina five, and Georgia three.

When vacancies happen in the Representation from any State, the Executive Authority thereof shall issue Writs of Election to fill such Vacancies.

The House of Representatives shall chuse their Speaker and other Officers; and shall have the sole Power of Impeachment.

Section 3. The Senate of the United States shall be composed of two Senators from each State, chosen by the Legislature thereof, for six Years; and each Senator shall have one Vote.

Immediately after they shall be assembled in Consequence of the first Election, they shall be divided as equally as may be into three Classes. The Seats of the Senators of the first Class shall be vacated at the Expiration of the second Year, of the second Class at the Expiration of the fourth Year, and of the third Class at the Expiration of the sixth Year, so that one third may be chosen every second Year; and if Vacancies happen by Resignation, or otherwise, during the Recess of the Legislature of any State, the Executive thereof may make temporary Appointments until the next Meeting of the Legislature, which shall then fill such Vacancies.

No Person shall be a Senator who shall not have attained to the Age of thirty Years, and been nine Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State for which he shall be chosen.

The Vice President of the United States shall be President of the Senate, but shall have no Vote, unless they be equally divided.

The Senate shall chuse their other Officers, and also a President pro tempore, in the Absence of the Vice President, or when he shall exercise the Office of President of the United States.

The Senate shall have the sole Power to try all Impeachments. When sitting for that Purpose, they shall be on Oath or Affirmation. When the President of the United States is tried, the Chief Justice shall preside: And no Person shall be convicted without the Concurrence of two thirds of the Members present.

Judgment in Cases of Impeachment shall not extend further than to removal from Office, and disqualification to hold and enjoy any Office of honor, Trust or Profit under the United States: but the Party convicted shall nevertheless be liable and subject to Indictment, Trial, Judgment and Punishment, according to Law.

Section 4. The Times, Places and Manner of holding Elections for Senators and Representatives, shall be prescribed in each State by the Legislature thereof; but the Congress may at any time by Law make or alter such Regulations, except as to the Places of chusing Senators.

The Congress shall assemble at least once in every Year, and such Meeting shall be on the first Monday in December, unless they shall by Law appoint a different Day.

Section 5. Each House shall be the Judge of the Elections, Returns and Qualifications of its own Members, and a Majority of each shall constitute a Quorum to do Business; but a smaller Number may adjourn from day to day, and may be authorized to compel the Attendance of absent Members, in such Manner, and under such Penalties as each House may provide.

Each House may determine the Rules of its Proceedings, punish its Members for disorderly Behaviour, and with the Concurrence of two thirds, expel a Member.

Each House shall keep a Journal of its Proceedings, and from time to time publish the same, excepting such Parts as may in their Judgment require Secrecy; and the Yeas and Nays of the Members of either House on any question shall, at the Desire of one fifth of those Present, be entered on the Journal.

Neither House, during the Session of Congress, shall, without the Consent of the other, adjourn for more than three days, nor to any other Place than that in which the two Houses shall be sitting.

Section 6. The Senators and Representatives shall receive a Compensation for their Services, to be ascertained by Law, and paid out of the Treasury of the United States. They shall in all Cases, except Treason, Felony and Breach of the Peace, be privileged from Arrest during their Attendance at the Session of their respective Houses, and in going to and returning from the same; and for any Speech or Debate in either House, they shall not be questioned in any other Place.

No Senator or Representative shall, during the Time for which he was elected, be appointed to any civil Office under the Authority of the United States, which shall have been created, or the Emoluments whereof shall have been encreased during such time; and no Person holding any Office under the United States, shall be a Member of either House during his Continuance in Office.

Section 7. All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the

STATE OF SOUTH CAROLINA

Comprehensive Annual Financial Report

June 30, 1987

Earle E. Morris, Jr. - *Comptroller General*

EARLE E. MORRIS, JR.

Comptroller General

STATE OF SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30,

1 9 8 7

AS NEVER BEFORE

This official report on the fiscal condition of the State of South Carolina is a first! The Comptroller General has, by law, been issuing annual financial reports since the office was created in 1801 and designated as "comptroller of the treasury."

The 1986-87 Comprehensive Annual Financial Report (CAFR) is a departure and precedent for South Carolina and it represents more than a decade of projects to improve financial accounting systems and reporting in my office.

The members of the General Assembly and Governors James B. Edwards, Richard W. Riley and Carroll A. Campbell, Jr., have provided funds and their public support for this achievement. And, of course, the staff of my office are due credit for the technical development of this monumental accomplishment.

This annual statement based on our bond rating firms' requirement for Generally Accepted Accounting Principles (GAAP) *fully* discloses the financial picture of the State of South Carolina - assets, liabilities, General Fund, Special Revenue Funds, Enterprise Funds, Pension Funds, Higher Education Funds, and other required fund types. The state's Combined Balance Sheet identifies South Carolina's net worth for the first time as $9,615,030,000.

Finally, *as never before,* we have closed our accountability gap with GAAP.

EARLE E. MORRIS, JR.
Comptroller General of South Carolina

SOUTH CAROLINA'S FOUR SIGNERS OF THE UNITED STATES CONSTITUTION

In 1787, delegates from the thirteen United States met in Philadelphia to draw up a proposed new Constitution to replace the Articles of Confederation, which many said did not provide a government which was strong or effective enough for such a large country. The delegation from South Carolina — John Rutledge, Charles Cotesworth Pinckney and his cousin Charles Pinckney, and Pierce Butler — contributed decisively to the work of the convention. Charles Pinckney had brought with him to the convention a draft of a constitution which was remarkably similar to the completed document. The entire South Carolina delegation signed the Constitution, which was adopted in 1787.

On their return to South Carolina, however, they discovered that they had to defend their Constitution against vocal critics. They joined other Federalists, most of whom lived in Charleston and the Lowcountry, in arguing that a stronger Federal government was needed to replace the weak Confederation. The Antifederalists, who opposed ratification, contended that only local control of government could preserve democracy and South Carolina's sovereignty. The leading Antifederalists included the Lowcountry planter Rawlins Lowndes, but most were prominent citizens of the Upcountry, such as Thomas Sumter, Wade Hampton and Henry Pendleton. In January, 1788, the General Assembly called for a convention to consider ratification of the Constitution. The convention was elected in April and met in Charleston from May 12 to 23, 1788. At 5 p.m., on the final day, after ten days of heated debate, the delegates, voting almost entirely along regional lines, ratified the Constitution by a vote of 149 to 73. South Carolina was the eighth state to ratify the new Constitution.

Two centuries later, South Carolina retains many sites and actual buildings which were associated with the individuals who were prominent in the Constitutional ratification debates.

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Charles Pinckney
(1757-1824)

INTRODUCTORY SECTION

Charles Pinckney was born in Charleston, the fourth child and eldest son of Charles Pinckney and Frances Brewton Pinckney, on October 26, 1757. (Pinckney's father at first opposed the Revolution, but later accepted it and worked for American independence. After Charleston's fall to the British in 1780, however, he resumed his allegiance to the British Crown, a move for which he paid two years later when his estate was amerced by the new government.)

Pinckney received his early education in Charleston. He read law under his father, and was admitted to the South Carolina Bar in 1779. From 1779 to 1780 he was a member of the South Carolina General Assembly from Christ Church Parish, and was re-elected to the Fifth, Sixth, and Seventh General Assemblies, 1783-1788.

Pinckney participated in the siege of Savannah in October of 1779 as a lieutenant of the Charleston Regiment; he was captured by the British at the fall of Charleston in 1780 and remained a prisoner until mid-1781.

He was a delegate from South Carolina to the Congress of the Confederation, 1784-1787, and urged the calling of a general convention to revise and amend the Articles of Confederation. In May of 1786, he moved in Congress the appointment of a committee "to take into consideration the affairs of the Nation."

In March of 1787, Pinckney was elected a delegate from South Carolina to the Constitutional Convention in Philadelphia. (He was a very active delegate, one of the youngest present, who spoke from the floor of the convention on more than one hundred occasions.) In May of that year, Pinckney presented his own draft for the Constitution, which was lost and has never been found.

After the convention, Pinckney returned to South Carolina and served again in the General Assembly from Christ Church Parish, during which time he actively supported the ratification of the Constitution which he helped to design. In 1790, Pinckney served as president of South Carolina's convention to draft a new State constitution.

Pinckney was elected and re-elected Governor of the State, (1789, 1791), and served in three more General Assemblies. He was elected Governor again in 1796 and appointed United States Senator in 1799 to fill an unexpired term. In 1801, Thomas Jefferson appointed Pinckney minister plenipotentiary to Spain. His primary duty was to negotiate to prevent the Spanish from boarding American ships on the high seas. The matter was never resolved and Pinckney sailed for home in 1805.

Back in South Carolina, Pinckney resumed his position as head of the State's Republican party and accepted a fourth term as Governor of the State (1806-1808). From 1810 to 1814, he served in the General Assembly but did not stand for re-election. When it appeared that the Federalists would win the Charleston seat in Congress, Pinckney ran for that seat and won it. In Congress, his speech opposing the Missouri compromise was one of his best.

In 1788, Pinckney had married Mary Eleanor Laurens, daughter of Henry Laurens, who bore three children before her death in 1794. Originally possessed of a large fortune, Pinckney lived in reduced circumstances in his later years, having lost or sold his plantations and a tract of land on the Congaree River.

Charles Pinckney, by supporting the Jefferson-Burr ticket in the election of 1800, became for all intents and purposes the founder of the Democratic Republican party in South Carolina, which later became the Democratic party.

Pinckney died in October of 1824 in Charleston and was buried in St. Philip's Churchyard there.

Charles Pinckney's home, Snee Farm, ca. 1754, was visited by President George Washington on his Southern Tour of 1791. This National Historic Landmark property still stands.

STATE OF SOUTH CAROLINA
Office of Comptroller General

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11228
COLUMBIA, S.C. 29211
TELEPHONE: 734-2121

May 31, 1988

To the Citizens, Governor, and Members of the South Carolina General Assembly:

INTRODUCTION

South Carolina's Comprehensive Annual Financial Report is divided into three sections — Introductory, Financial, and Statistical. The Introductory Section consists of this letter of transmittal, a list of selected State officials, and an organization chart. The Financial Section consists of the general purpose financial statements (combined statements and notes), combining financial statements, and schedules. The Statistical Section presents non-financial and comparative financial data.

These financial statements are representations of the South Carolina Comptroller General. The data in this report are accurate in all material respects. Furthermore, the report describes all material facts related to the State's financial affairs.

The State General Assembly and the Budget and Control Board exercise oversight authority over all accounting funds and entities included in this report. The Budget and Control Board consists of the Governor, the Comptroller General, the State Treasurer, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. The most important element of oversight authority is financial interdependency. Other elements of oversight authority include:

- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, all activities which would generally be considered part of the State of South Carolina are included in this report.

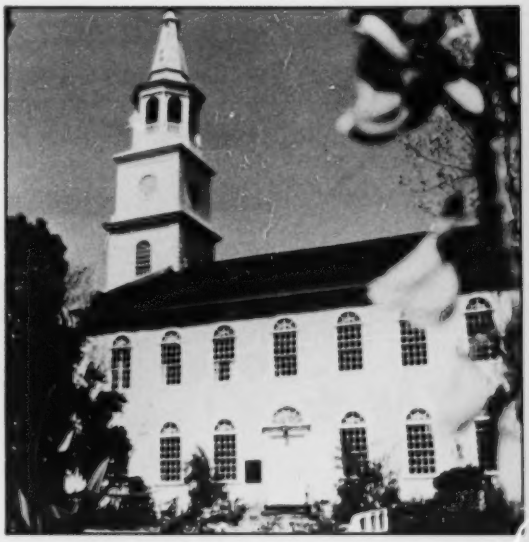
Fort Hill, Clemson University Campus, Clemson. — This was the home of John C. Calhoun from 1825 to 1850. Calhoun was a U.S. Congressman and Senator, Secretary of State, Secretary of War, and Vice President. He is known as the "Great Nullifier," as he sought to assert a state's right to "nullify" a national law which conflicted with her interests, such as Tariff Acts, which were economically disadvantageous to the southern states. Calhoun said that the maintenance of states' rights was the way to "preserve the Constitution." At the time of the Ratification Convention in 1788, the Clemson area was still part of the Cherokee Indian Lands.

ECONOMIC CONDITION AND OUTLOOK

Retail sales and excise tax revenues for the year ended June 30, 1987, were higher than the previous year, but were slightly below the estimated amount. This rate of growth reflects a State economy that grew modestly with low inflation. Investment earnings dropped slightly due to a decline in interest rates. However, the State's Budgetary General Fund ended the fiscal year with

a surplus, the first since 1983-84. The surplus was more a result of prudent fiscal management than of an improved South Carolina economy. Two mid-year appropriation cuts totaling $101.8 million were made in response to downward revisions in estimated tax revenues; State law mandates that the Budget and Control Board reduce appropriations if revenue estimates are revised. Also, the General Assembly did not pass a Supplemental Appropriation Act during the year, and the Governor vetoed $10.3 million at the beginning of the fiscal year.

The State is prohibited by law from investing in the corporate equities market and, therefore, the stock market decline during October 1987 had little effect on the value of the State's investment portfolios. The most probable outlook in South Carolina is for continued economic and revenue growth.



St. Helena's Church, Beaufort. — St. Helena's Parish sent to the Ratification Convention John Barnwell, John Joyner, John Kean, William H. Wigg, Robert Barnwell, William Elliott, and James Stewart, all of whom voted aye. St. Helena's Parish was established in 1712, and the present church was erected in 1724.

MAJOR INITIATIVES

Conversion to Generally Accepted Accounting Principles

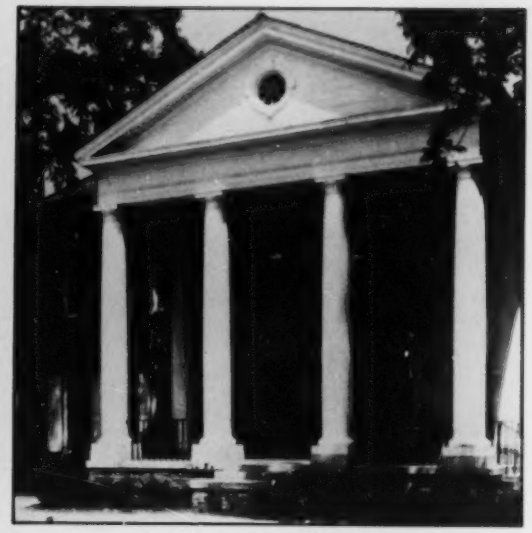
South Carolina's Appropriation Act requires the Comptroller General to work toward issuing Statewide financial statements that conform with Generally Accepted Accounting Principles (GAAP). This report represents continued progress toward that goal. In 1984, the Comptroller General's Office initiated a GAAP conversion project. A conversion plan, together with appropriate State agency training, were implemented during 1985 and 1986. At June 30, 1987, a formal GAAP closing occurred so that the June 30, 1987, balance sheet data reported herein conforms to GAAP. In 1987-88, we expect to issue full GAAP financial statements audited jointly by the State Auditor and an independent public accounting firm.

Revision of the State's Budgeting Process

A pilot program has been initiated to find an alternative approach to the current budgeting process. Currently, the State maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. The new recommended budgeting format has as its objectives:

- Condensing and simplifying much of the line-item expenditure detail in the present budget document
- Establishing statutorily authorized programs as the basis of agency budgets
- Requiring definitions of missions and objectives for each program
- Providing performance indicators by which effectiveness and cost of agency services may be identified and measured

The 1987-88 Appropriation Act requires this project to be completed in 1989-90.



Boone Hall Plantation, Mount Pleasant. — John Rutledge (Christ Church Parish, voted aye), a signer of the Constitution, farmed at Philips Plantation, which he owned, and adjacent Boone Hall, which he leased from his mother's relatives, the Boones.

FINANCIAL INFORMATION

Accounting and Administrative Internal Controls

The Statewide Accounting and Reporting System (STARS) is the State's budgetary-basis operating accounting system. This double-entry system, installed in 1982, processes cash and budgetary transactions, and maintains records for all budgeted funds and some unbudgeted funds. The State's higher education institutions and most of the enterprise entities maintain separate accrual-basis accounting systems.

An automated GAAP reporting system in the Comptroller General's Office converts budgetary-basis STARS data into the format presented in this report. State agencies who use STARS complete forms at year-end to adjust the budgetary-basis balances to conform with Generally Accepted Accounting Principles. The Comptroller General's Office enters these forms as well as audited financial statements for the higher education institutions and most State enterprises into this system.

The State's internal accounting controls provide reasonable, but not necessarily absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposal
- The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary Controls

South Carolina's annual Appropriation Act includes legally adopted budgets for the Budgetary General Fund and for aggregated Other Budgeted Funds. The State estimates revenues on a cash receipts basis. Appropriations for 1986-87 cover all expenditures deemed applicable to that year and paid on or before July 25, 1987. Unexpended Budgetary General Fund appropriations lapse unless the Appropriation Act specifically authorizes agencies to carry them forward to the next fiscal year.

State law does not require encumbrance accounting. Accordingly, the State does not record encumbrances (except for some higher education institutions). The State currently maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. STARS checks to be sure that an account has sufficient remaining appropriations before it will charge an expenditure to that account.

Organizational units may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. The Budget and Control Board has authority to approve these appropriation transfers.

The initial budget appears in the annual Appropriation Act. The Budget and Control Board reduces the Budgetary General Fund's appropriations during the year if it anticipates a year-end operating deficit. Likewise, the Budget and Control Board may revise estimated revenues of the Budgetary General Fund during the year, if necessary. In some years, the General Assembly passes a Supplemental Appropriation Act that increases appropriations of the Budgetary General Fund. However, there were no supplemental appropriations in 1986-87.

State law specifies procedures for processing requested budget changes in Other Budgeted Funds and for permanent improvement projects.

TOTAL BUDGETED FUNDS

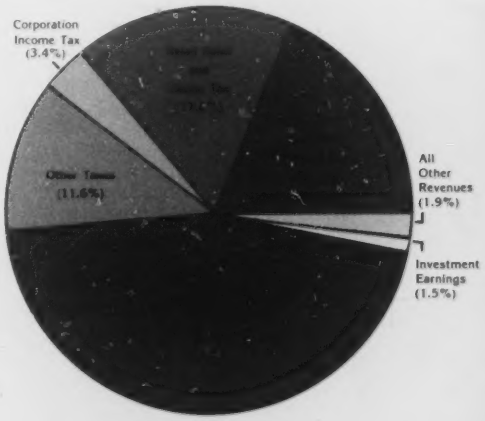
For the year ended June 30, 1987, South Carolina made a conversion from accounting on the budgetary basis to a GAAP basis. Because of this conversion, comparisons of revenues, expenditures, and fund equity of the current year with similarly labeled amounts of prior years would not be meaningful. Therefore, comparisons below are made using budgetary-basis amounts for Total Budgeted Funds. Total Budgeted Funds include general governmental functions, Higher Education Funds, and certain Proprietary Fund activities.

Revenues

Budgetary-basis revenues from various sources (expressed in thousands) and the changes relative to last year were:

Revenue Source	1986-87	1985-86	Increase (Decrease) from 1985-86
Individual income tax	$1,008,938	$ 907,285	11.2 %
Retail sales and excise tax	946,935	893,319	6.0 %
Corporation income tax	184,890	185,014	(0.1)%
Other taxes	629,057	574,159	9.6 %
Federal, fees, and services	2,441,978	2,390,687	2.1 %
Investment earnings	78,783	81,433	(3.3)%
All other revenues	103,459	136,360	(24.1)%
Totals	$5,394,040	$5,168,257	4.4 %

Revenues
Fiscal Year 1986-87

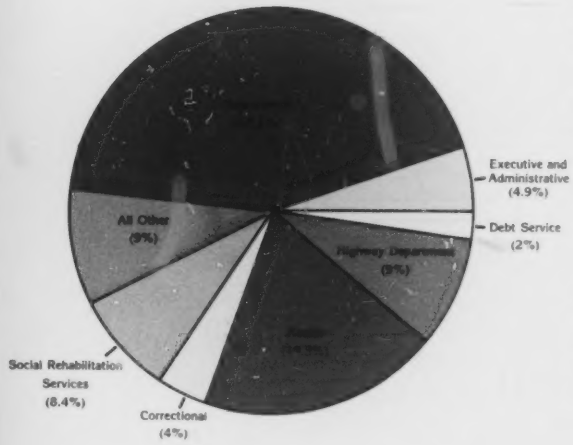


Individual income tax revenues amounted to $1,009 million, exceeding the estimate of $980 million. A significant part of the excess came from declarations and payments with returns that resulted from capital gains taken because of the new Federal tax law. Retail sales and excise tax revenues increased over last year, and equaled the estimate of $947 million. Corporate income taxes did not change significantly from last year, and investment earnings dropped slightly. Because of their varied nature, the amount of other revenues often vary significantly from year to year.

Expenditures

Budgetary-basis expenditures totaled $5,337 million for the fiscal year ended June 30, 1987. This represented an increase of 3.1% over expenditures for the fiscal year ended June 30, 1986. Expenditures by character and function (expressed in thousands) were:

Expenditures
Fiscal Year 1986-87



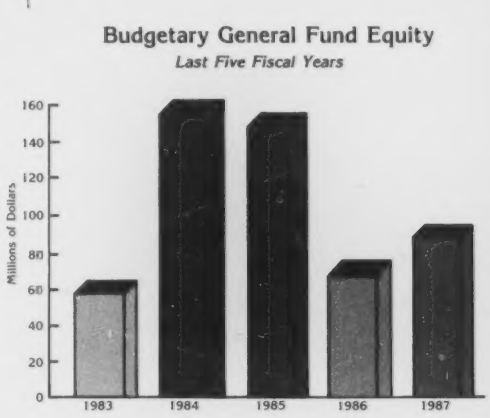
Expenditure Function	1986-87	1985-86	Increase (Decrease) from 1985-86
Legislative	$ 23,391	$ 22,287	5.0 %
Judicial	21,853	20,925	4.4 %
Executive and administrative	260,639	296,605	(12.1)%
Educational	2,314,100	2,273,874	1.8 %
Health	1,027,103	926,329	10.9 %
Social rehabilitation services	447,229	454,579	(1.6)%
Correctional	215,149	183,117	17.5 %
Conservation, natural resources, and development	160,293	158,105	1.4 %
Regulatory	99,612	93,514	6.5 %
Transportation	2,866	3,447	(16.9)%
Debt service	107,122	106,738	0.4 %
Miscellaneous	174,402	172,901	0.9 %
Highway department	482,990	465,181	3.8 %
Totals	$5,336,749	$5,177,602	3.1 %

The increase in Correctional expenditures was due to an ongoing injunctive order that, since January 8, 1985, has required implementation of improvements in correctional facilities and services. The decrease in Social Rehabilitation expenditures was mainly in the food stamp program. The food stamp decrease was due to better administration of the program and to a better economy which resulted in fewer recipients. The decrease in Executive and Administrative expenditures was primarily due to the Jobs Training Partnership Act (JTPA) program being moved from an executive agency to an educational agency during the year ended June 30, 1987.

STATUS OF FUND BALANCES — BUDGETARY GENERAL FUND

Budgetary basis year-end fund balances for the Budgetary General Fund (expressed in millions) for the last five years were:

	Fiscal Year Ended June 30				
	1983	1984	1985	1986	1987
General Fund Reserve	$40.0	$ 98.5	$ 89.1	$51.8	$75.4
Reserve for appropriations carried forward	17.8	54.8	72.4	20.9	10.8
Capital Expenditure Reserve					1.5
Unreserved			(11.9)	(6.1)	2.0
Totals	$57.8	$153.3	$149.6	$66.6	$89.7



The South Carolina Constitution requires the State to maintain a General Fund Reserve to prevent deficits in the Budgetary General Fund. The reserve is fully funded whenever it equals four percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year. The General Fund Reserve began 1986-87 with $51.8 million. In accordance with the Appropriation Act, it received $6.6 million during the year. A $17.0 million transfer from year-end budgetary-basis surplus brought the reserve's balance to $75.4 million at June 30, 1987 — $25 million less than full funding of $100.4 million. In July, however, the State added $25.09 million from 1987-88 resources to the reserve.

The Reserve for Appropriations Carried Forward provides for situations where the General Assembly has authorized Budgetary General Fund appropriations to be carried forward to the next fiscal year.

The General Assembly created the Capital Expenditure Reserve to allow the State to retire its bonds faster and to help avoid increased debt and interest costs.

PROPRIETARY OPERATIONS

The Public Service Authority (Santee-Cooper) is South Carolina's State-owned public power resource. The Public Service Authority (Santee-Cooper) produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments. The Public Service Authority (Santee-Cooper) made payments in lieu of taxes to the State of $2.0 million during the year ended June 30, 1987. The distribution to the State is based primarily on operating cash flows and mandatory reserve requirements.

There are several other significant Proprietary segments of South Carolina's State government. For example, the Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The Housing Authority provides low-cost housing to the State's citizens by issuing

bonds/notes and by administering Federal contracts and grants. The Education Assistance Authority makes loans to eligible students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts.

The Public Service Authority (Santee-Cooper) and other major Proprietary Funds of South Carolina are presented below with highlights of segment financial information (expressed in thousands) for the fiscal year ended June 30, 1987.

	Public Service Authority (Santee-Cooper)	Ports Authority	Housing Authority	Education Assistance Authority	Research Authority
Operating revenues	$ 480,059	$ 35,906	$ 72,171	$ 6,906	$ 8,471
Net income	38,287	3,877	7,387	4,624	391
Net working capital	39,236	7,175	45,963	33,268	2,450
Total assets	2,654,490	188,200	706,605	118,631	13,890
Total fund equity	426,475	172,470	60,867	25,697	9,592

Fort Moultrie, Sullivan's Island. — Gen. William Moultrie (St. John's, Berkeley, voted aye) is buried here, near the site of the palmetto log fort from which South Carolina troops under his command, on June 28, 1776, repelled a combined land and sea attack by the British. Moultrie commanded the fort, while Col. William Thomson (St. Matthew's, voted aye) commanded Upcountry troops who prevented the British from crossing Breach Inlet, at the north end of the island. Also present at this first decisive Patriot victory of the Revolution were Charles Cotesworth Pinckney, Isaac Motte, John Blake and Daniel Stevens (all of St. Philip and St. Michael, voted aye), Dr. Peter Fayssoux (St. John's, Berkeley, voted no), Isaac Child Harleston (St. Thomas and St. Dennis, voted aye), and Thomas Sumter (District Eastward of the Wateree, voted no). Charles Cotesworth Pinckney and William Scott (St. Andrew's, voted aye) both commanded the fort during the Siege of Charleston, 1780. The present fort was completed in 1809.

FIDUCIARY OPERATIONS

The largest of the State's Fiduciary Funds are its four retirement systems: The South Carolina Retirement System, the Police Officers Retirement System, the Retirement System for Members of the General Assembly, and the Retirement System for Judges and Solicitors. The systems are funded in accordance with actuarially established contribution rates. Some key actuarial amounts for the systems (expressed in thousands) at June 30, 1986 (latest available data), were:

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System
Pension benefit obligation	$5,747,500	$397,100	$21,100	$48,900
Net assets available for benefits, at cost	4,202,400	353,300	13,600	16,300
Unfunded pension benefit obligation	$1,545,100	$ 43,800	$ 7,500	$32,600

DEBT ADMINISTRATION

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith, credit, and taxing power of the State. Much of the debt, however, is revenue debt associated with specific State component units. Specific revenue flows of particular component units service this debt.

Moody's Investors Service has rated South Carolina's general obligation bonds as "Aaa," and Standard & Poor's rates this debt as "AAA," both representing the highest ratings awarded. South Carolina is one of only seven states holding this rating. During the year, South Carolina issued $163 million in general obligation debt and retired $128 million. The State budgets and pays

principal and interest on general obligation bonds from current resources of the Budgetary General Fund. The State's legal debt margin at June 30, 1987, was $133.5 million for highway bonds and $32.0 million for institution bonds. The legal annual debt service margin at June 30, 1987, for other general obligation bonds/notes, excluding tax and bond anticipation notes, and excluding general long-term obligations other than bonded debt, was $29.8 million.

In January 1987, the State refinanced general obligation bonds to reduce its total debt service payments over the next eleven years by $4.6 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $3.1 million. The bonds which were refunded, issued in 1982, had an average interest rate of 8.66%. The refunding bonds issued in January 1987 had an average rate of 5.64%.

The ratio of general obligation bonds/notes to assessed property value and general obligation bonds/notes outstanding per capita are useful indicators to citizens, investors, and management of the State's debt position. At June 30, 1987, these data were:

General obligation bonds/notes outstanding	$693.27 million
Ratio of general obligation bonds/notes to assessed property value	12.03 %
General obligation bonds/notes outstanding per capita	$205.23

The State's higher education institutions and enterprise entities had revenue debt of approximately $2,861 million outstanding on June 30, 1987. Amounts of debt (expressed in millions) by component unit were:

South Carolina Public Service Authority (Santee-Cooper)	$1,971
South Carolina Housing Authority	615
Various higher education institutions	162
Other State component units	113
Total	$2,861

CASH MANAGEMENT

State law requires full collateralization of all State Treasurer bank balances. Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain obligations of United States corporations.

As provided by law, the State Treasurer deposits money in a general deposit account if the Budget and Control Board so

Joseph Manigault House, Charleston. — Gabriel Manigault (St. James, Goose Creek, voted aye) designed this suburban villa for his brother, Joseph Manigault (Christ Church, voted aye), c. 1803.

decides. The State records earnings of the general deposit account as revenue of the General Fund. The Treasurer deposits other monies into various special deposit accounts, each of which retains its own earnings. The Treasurer invests excess cash of the general deposit account and the various special deposit accounts.

State agencies which issue their own checks participate in pooled bank accounts. These agencies issue checks against the pooled bank account. Meanwhile, the bank invests account balances until the checks clear. The State receives the investment income earned on the pooled bank accounts.

Investment earnings for the General Fund totaled $86 million in 1986-87.

RISK MANAGEMENT

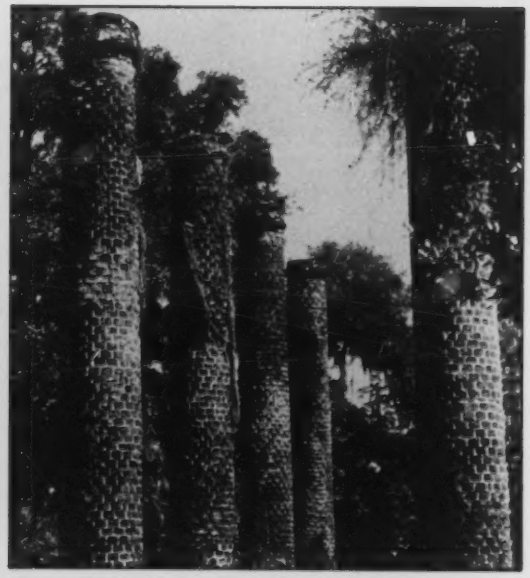
The State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for worker's compensation and Second Injury Fund benefits
- Claims of covered public employees for health insurance, dental insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)
- Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools, and their contents
- Motor vehicles, school buses, and aircraft
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these liabilities.

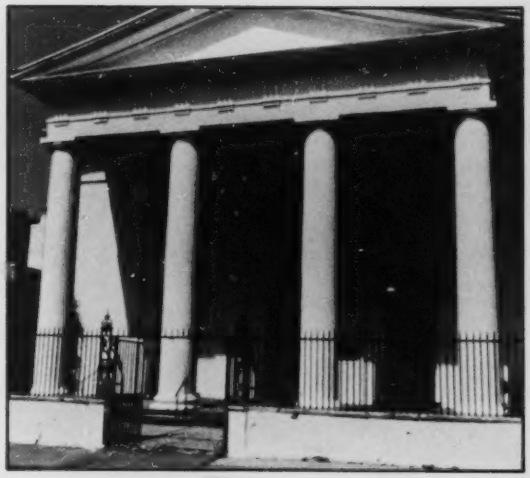


Prince William's Church (Sheldon Church) ruins. — Prince William's Parish was represented in the Ratification Convention by Thomas Hutson, John McPherson, James Maine, John A. Cuthbert, John Lightwood, John Simmons and Stephen DeVeaux. Prince William's Parish was created in 1745, and the church was built immediately. It was burned by the British in 1779, rebuilt, and burned again by Federal troops in 1865. It remains in ruins.

AUDIT

An independent audit was performed of the Combined Balance Sheet of the State of South Carolina as of June 30, 1987. This was the first audit of the State of South Carolina as a reporting entity. The audit was performed jointly by the State Auditor and the independent certified public accounting firm of Peat Marwick Main & Co., and a separate report and audit opinion were issued thereon. The auditors did not examine the General Fixed Asset Account Group and 16% of the fixed assets of the Higher Education Funds.

For the year ending June 30, 1988, the same joint audit team will audit all of the State's general purpose financial statements. Its report thereon will be included in the State's 1988 Comprehensive Annual Financial Report.



First Baptist Church, Charleston. — Thomas Screven (St. Thomas and St. Dennis, voted aye) is buried in the churchyard. The church, the oldest Baptist congregation in the South, was organized by his ancestor, the Rev. William Screven, in 1682. Subsequently, it was the church of the Rev. Richard Furman, of whom Lord Cornwallis, the British commander, admitted that he "feared the prayers of the young Baptist minister more than the armies of Marion and Sumter." The present church was built in 1819-22.

ACKNOWLEDGMENTS

Production of this report would not have been possible without the support of all State agencies who supplied GAAP closing data. As we strive to produce this report in future years and to improve its quality and content, continued support of the State agencies is essential.

Special thanks are due to the South Carolina Department of Archives and History and to the South Carolina Department of Parks, Recreation, and Tourism for providing the photographs in this report. We also thank Louise Bailey, Elizabeth Ivey Cooper, and the South Carolina Historical Society who provided the narrative that accompanies the photographs and Philip G. Grose, Jr., for other assistance in producing the report.

Sincerely,

Earle E. Morris, Jr.

EARLE E. MORRIS, JR.
Comptroller General

State of South Carolina

SELECTED STATE OFFICIALS

June 30, 1987

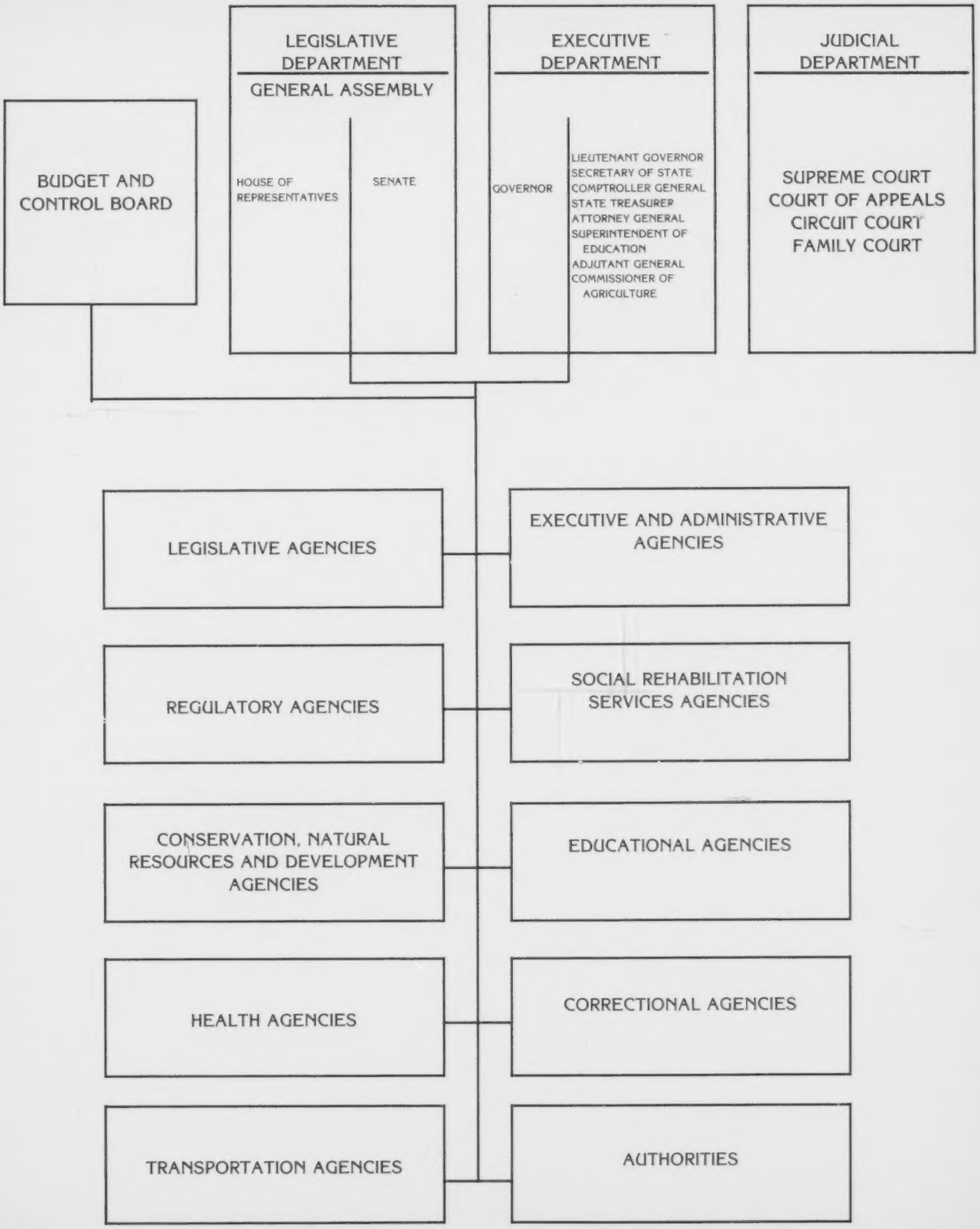
	Current Term of Office
LEGISLATIVE—THE GENERAL ASSEMBLY	
Nick A. Theodore, President, Senate	1987-1991
Robert J. Sheheen, Speaker, House of Representatives	1986-1988
EXECUTIVE	
STATE BUDGET AND CONTROL BOARD:	
Carroll A. Campbell, Jr., Chairman, Governor	1987-1991
Earle E. Morris, Jr., Comptroller General	1987-1991
Grady L. Patterson, Jr., State Treasurer	1987-1991
Rembert C. Dennis, Chairman, Senate Finance Committee	1984-1988
Robert N. McLellan, Chairman, Ways and Means Committee	1986-1988
Nick A. Theodore, Lieutenant Governor	1987-1991
John T. Campbell, Secretary of State	1987-1991
T. Travis Medlock, Attorney General	1987-1991
Dr. Charlie G. Williams, State Superintendent of Education	1987-1991
Major General T. Eston Marchant, Adjutant General	1987-1991
D. Leslie Tindal, Commissioner of Agriculture	1987-1991
JUDICIAL	
J. B. Ness, Chief Justice, South Carolina Supreme Court	1984-1994

All of the legislative and executive officials are elected by the State's citizens in general elections. Members of the Supreme Court are elected by the General Assembly.

State of South Carolina

ORGANIZATION CHART

June 30, 1987



John Rutledge
(1739-1800)

John Rutledge was born in or near Charleston in September of 1739, son of Dr. John Rutledge and Sarah Hext Rutledge. His younger brother, Edward, signed the Declaration of Independence. The elder Rutledge brother was described as a "remarkable lover of liberty, virtue, and his country," a man destined to become the most gifted and devoted leader of eighteenth-century South Carolina.

Rutledge received his early education primarily at home from his father and tutors. He read law for two years in Charleston, was admitted to the Middle Temple in London, and was called to the English bar in 1760. Upon his return to Charleston, he was elected to the Twenty-fourth Royal Assembly by Christ Church Parish in 1761. Christ Church continued to re-elect him to each assembly thereafter, from 1762 until 1775. In 1764, Rutledge was appointed one of three delegates from the colony to attend the Stamp Act Congress in New York and he took an active part as chairman of the committee which drafted the actual petition to Parliament.

Following his service in the Stamp Act Congress, Rutledge was made commissioner for building an Exchange and Custom House in 1767 and commissioner for building a powder magazine in 1770. In 1774 he was elected a delegate to the First Continental Congress and while in Philadelphia, he led the successful fight to exempt rice, a major South Carolina export, from the proposed list of products to be

FINANCIAL SECTION

boycotted from export to Great Britain. Rutledge was re-elected to the Second Continental Congress in 1775.

Returning to South Carolina in 1776, Rutledge was one of the committee which wrote the South Carolina constitution of 1776. When the constitution was adopted on March 26, 1776, Rutledge was elected president of the State.

Some two years later, however, when the new constitution of 1778 was adopted, President Rutledge vetoed it and resigned. He was nonetheless elected governor of the State (as the chief executive was called in the new constitution) in 1779 and served during troublesome times. The British invaded South Carolina in 1779 and were turned back at the very gates of Charleston.

The British returned, however, in 1780. With the threat to Charleston imminent, the General Assembly quickly met, granted Governor Rutledge a broad range of powers, and disbanded. Undaunted by a number of British military victories in his State, Rutledge petitioned Washington and Congress for troops by letter and in person; he encouraged Thomas Sumter and Francis Marion to continue their guerrilla tactics; and he returned to South Carolina in the late summer of 1781.

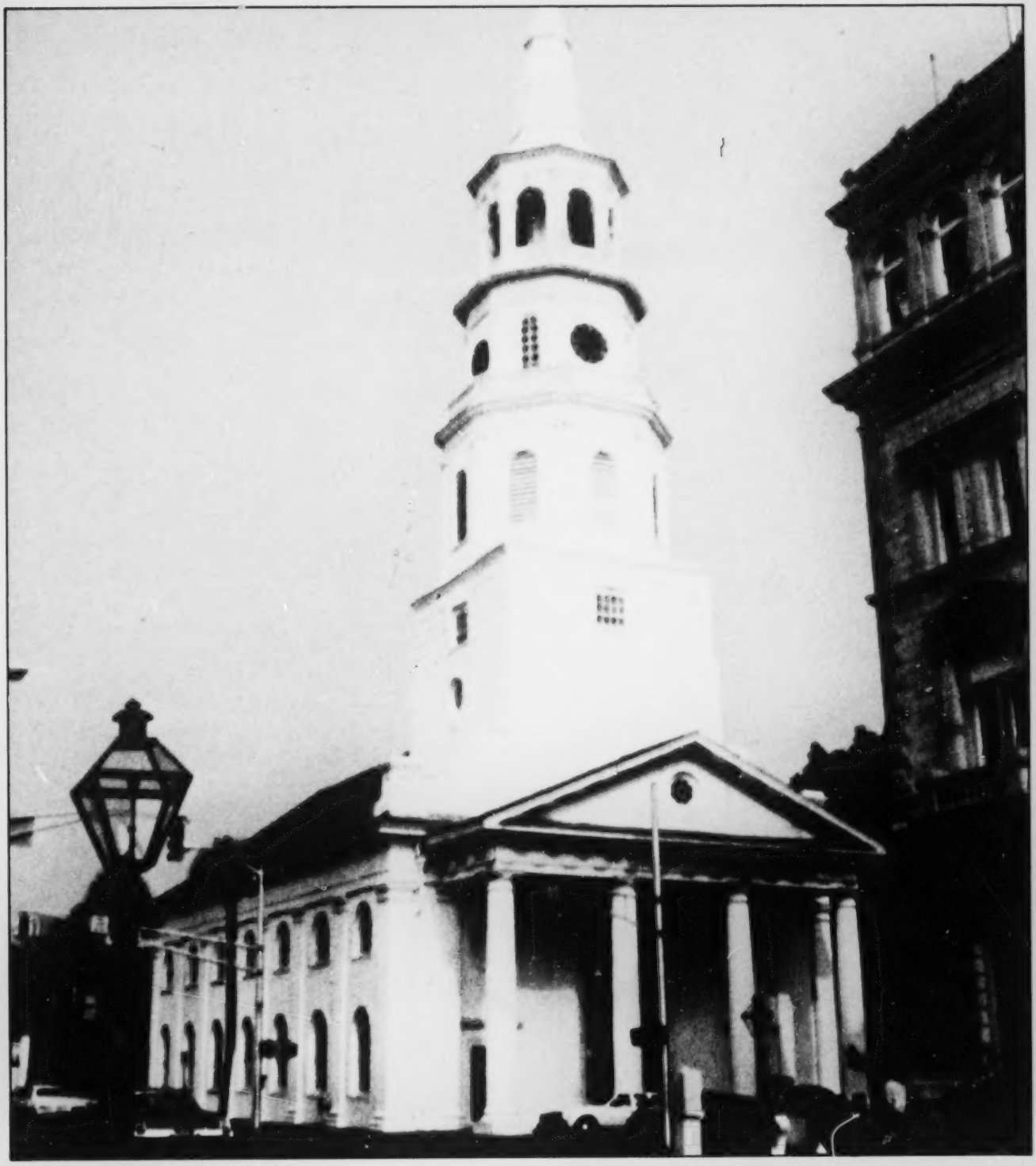
John Rutledge became synonymous with civil government, which he restored in South Carolina wherever the British evacuated. In 1782, he left the Governor's office and was elected to the Fourth General Assembly, which elected him a delegate to the Continental Congress of 1782-1783. He was appointed minister to Holland that year, but declined in order to return to his home State, where he was elected to the Fifth, Sixth, Seventh, and Eighth General Assemblies and held a number of other memberships and offices.

In 1787, Rutledge was elected a delegate to the Constitutional Convention in Philadelphia. Although his own goals were not realized, Rutledge signed the completed document and as a member of the South Carolina ratification convention, voted in favor of the Constitution. He was appointed senior Associate Justice of the United States Supreme Court, an office he held briefly in 1791, but resigned to accept the position of Chief Justice of South Carolina, 1791-1795. At Rutledge's own suggestion, President Washington appointed him Chief Justice of the United States Supreme Court in 1795 and he served one term, but the Senate failed to confirm the appointment. This defeat signaled the end of Rutledge's public career.

In 1763, he had married Elizabeth, daughter of Frederick Grimke', who bore ten children, eight of whom survived their parents. His wife's death in 1792 was a shock, one from which Rutledge never quite recovered. He died in 1800 and was buried in St. Michael's Churchyard in Charleston.

John Rutledge's Charleston house, a National Historic Landmark, was built prior to the Revolution and still stands.

GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements—Overview)



St. Michael's Church, Charleston. — Built in 1752, St. Michael's was the parish church of several convention delegates. Two signers of the Constitution, who also were delegates to the Ratification Convention, are buried in the churchyard: John Rutledge (Christ Church, voted aye) and Charles Cotesworth Pinckney (St. Philip and St. Michael). Other delegates buried here include John Julius Pringle and Lewis Morris (St. Philip and St. Michael), Gov. Arnoldus Vanderhorst (Christ Church, voted aye), John Lloyd (St. Bartholomew's, voted aye) and John Bowman (St. James, Santee, voted no). Pierce Butler, who signed the Constitution but was not a delegate to the Ratification Convention, was a vestryman of St. Michael's, as were Edward Rutledge, signer of the Declaration of Independence, Isaac Motte, Edward Blake, John Blake and Edward Lightwood (all of St. Philip and St. Michael), Dr. William Read and Jacob Read (Christ Church, voted aye), and John Dawson (St. George's, Dorchester, voted aye).

State of South Carolina

COMBINED BALANCE SHEET—ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1987

(Expressed in Thousands)

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups			
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Higher Education Funds	Totals (Memorandu Only)
ASSETS										
Cash on deposit with fiscal agents				$ 21,589		$ 174,638				$ 196,227
Investments, cost or amortized cost	$140,258	$387,327	$137,958	217,419	$156,258	5,830,513			$ 235,860	7,105,593
Deferred yield adjustment for security exchanges						201,475				201,475
Receivables (net):										
Accounts	16,437	29,072	56	73,371	8,162	132,957			9,988	270,043
Taxes	143,646	58,308				46,027				247,981
Patient and student				127					26,994	27,121
Student loans				82,342					28,538	110,880
Loans and notes	2,835	2,965		552,271	45	44			149	558,309
Due from Federal government and other grantors	3,883	91,609	16,103	4,625	47	18			10,757	127,042
Due from other funds	32,324	21,288	57,432	3,995	11,360	18,238			18,513	163,150
Advances to other funds	16,034	791			14,046					30,871
Inventories	7,655	14,471		37,560	6,152	9			13,768	79,615
Property, plant, and equipment (net)				1,908,849	144,997		$1,099,812		1,496,388	4,650,046
Restricted assets				381,306		7				381,313
Other assets		608		4,327	4,972	429			3,020	13,356
Deferred debits				450,977						450,977
Amount to be provided for retirement of long-term obligations								$780,425		780,425
Total assets	$363,072	$606,439	$211,549	$3,738,758	$346,039	$6,404,355	$1,099,812	$780,425	$1,843,975	$15,394,424

LIABILITIES AND FUND EQUITY											
Liabilities:											
Accounts payable and accrued liabilities	$ 63,961	$104,916	$ 5,792	$ 153,190	$ 36,286	$ 53,505			$ 44,402	$	462,052
Tax refunds payable	178,291	135				882					179,308
Intergovernmental payables	56,825	42,442		224		102					99,593
Insurance claims incurred but not reported				5,384	50,284			$ 1,148			56,816
Due to other funds	11,884	100,984	5,597	65	80	40,755			3,785		163,150
Advances from other funds	11,150	144		2,330	10,763				6,484		30,871
Deferred revenues and deferred credits	22,661	25,833	193	20,570	7,473	4,384			23,686		104,800
Deposits				4,690		2,345			2,376		9,411
Amounts held in custody for others						498,318			1,023		499,341
Deferred compensation				100		202,549					202,649
Liabilities payable from restricted assets				233							233
Notes payable				157				700	14,907		15,764
General obligation bond anticipation notes payable									9,440		9,440
General obligation bonds payable								665,240	18,590		683,830
Revenue bonds payable				2,698,558					146,732		2,845,290
Capital lease and installment debt obligations payable				72,272	77,731			13,450	19,726		183,179
Compensated absences payable				269	1,647	34		82,019	32,423		116,392
Other liabilities	101	12,594	2,551	76,693	2,619	224		17,868	4,625		117,275
Total liabilities	344,873	287,048	14,133	3,034,735	186,883	803,098	0	780,425	328,199		5,779,394
Fund Equity:											
Contributed capital											
Investment in fixed assets				180,374	52,607						232,981
Retained earnings:							$1,099,812		1,297,116		2,396,928
Reserved for special purposes				83							83
Designated for special purposes				381							381
Unreserved, undesignated				523,185	106,549						629,734
Fund balances:											
Reserved for:											
Pension benefits						5,306,801					5,306,801
Restricted fund balance									117,316		117,316
General fund reserve	75,381										75,381
U. S. Government grants refundable									24,206		24,206
Inventories	7,655	14,471				9					22,135
Advances to other funds	16,034	791									16,825
Appropriations carried forward	10,780										10,780
Endowment and similar funds									10,189		10,189
Long-term loans and notes receivable	2,602	2,861									5,463
School building aid	3,643										3,643
Capital expenditure reserve	1,500										1,500
Encumbrances									1,282		1,282
Other special purposes		1,100							19		1,119
Unreserved:											
Designated for highway construction			78,872								78,872
Designated for special purposes		60,556							11,927		72,483
Designated for capital projects			118,544								118,544
Designated for quasi-endowments									14,612		14,612
Undesignated	(99,396)	239,612				294,447			39,109		473,772
Total fund equity	18,199	319,391	197,416	704,023	159,156	5,601,257	1,099,812	0	1,515,776		9,615,030
Total liabilities and fund equity	$363,072	$606,439	$211,549	$3,738,758	$346,039	$6,404,355	$1,099,812	$780,425	$1,843,975		$15,394,424

The Notes to the Combined Financial Statements are an integral part of this statement.

State of South Carolina

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Governmental Fund Types			Fiduciary Fund Type	Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:					
Taxes	$2,476,489	$ 594,698	$ 45,399	$194,922	$3,311,508
Licenses, fees and permits	37,639	16,336	33	2,917	56,925
Interest and other investment income	86,085	7,599	151	8,072	101,907
Federal	41,595	1,128,826	134,732	20,867	1,326,020
Departmental services	109,026	90,585	192	431	200,234
Contributions	4	4,787	636	180	5,607
Other	9,838	69,994	36,090	25,346	141,268
Total revenues	2,760,676	1,912,825	217,233	252,735	5,143,469
Expenditures:					
Current:					
General governmental	229,316	17,805		166,648	413,769
Education	152,185	77,725			229,910
Individual and family services	569,682	874,877		155	1,444,714
Administration of justice	188,709	15,408	43		204,160
Resources and economic development	67,032	35,027		367	102,426
Transportation	2,320	205,440			207,760
Miscellaneous	125				125
Capital outlay	6,713	2,657	306,463		315,833
Debt service:					
Principal retirement	68,463	2,954		2	71,419
Interest and fiscal charges	43,702	9,841			53,543
Intergovernmental	1,058,910	514,969		241	1,574,120
Total expenditures	2,387,157	1,756,703	306,506	167,413	4,617,779
Revenues over (under) expenditures	373,519	156,122	(89,273)	85,322	525,690
Other financing sources (uses):					
Proceeds from bonds and notes	950	2,587	85,000		88,537
Proceeds from refunding bonds	77,560				77,560
Lease and installment debt proceeds	6,713	2,657			9,370
Payments to refunded bond escrow agent	(77,560)				(77,560)
Operating transfers in	11,709	4,350	61,466		77,525
Operating transfers out	(493,545)	(79,904)	(28,863)	(116)	(602,428)
Total other financing sources (uses)	(474,173)	(70,310)	117,603	(116)	(426,996)
Revenues and other sources over (under) expenditures and other uses	(100,654)	85,812	28,330	85,206	98,694
Fund balances, July 1, 1986 (restated)	118,853	233,579	169,086	208,692	730,210
Fund balances, June 30, 1987	$ 18,199	$ 319,391	$197,416	$293,898	$ 828,904

The Notes to the Combined Financial Statements are an integral part of this statement.

State of South Carolina

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL (BUDGETARY BASIS)—ALL BUDGETED FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Budgetary General Fund			Other Budgeted Funds			Total Budgeted Funds		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Admissions tax	$ 6,700	$ 6,618	$ (82)	$ 3,350	$ 3,250	$ (100)	$ 10,050	$ 9,868	$ (182)
Aircraft tax	550	902	352				550	902	352
Alcoholic liquors tax	47,300	45,670	(1,630)	340	479	139	47,640	46,149	(1,491)
Bank tax	5,900	5,529	(371)				5,900	5,529	(371)
Beer and wine tax	64,700	66,619	1,919				64,700	66,619	1,919
Business license tax	30,500	30,303	(197)				30,500	30,303	(197)
Cable television fees	1		(1)				1		(1)
Coin-operated device tax	7,300	6,726	(574)				7,300	6,726	(574)
Commercial nuclear waste tax	6,075	4,157	(1,918)				6,075	4,157	(1,918)
Contractors' license tax	860	864	4				860	864	4
Corporation income tax	185,000	184,890	(110)				185,000	184,890	(110)
Corporation license tax	27,900	30,053	2,153				27,900	30,053	2,153
Department of Agriculture	5,810	5,929	119	3,128	1,966	(1,162)	8,938	7,895	(1,043)
Departmental revenue (primarily grant revenues and fees for services)	25,810	31,095	5,285	2,775,264	2,410,883	(364,381)	2,801,074	2,441,978	(359,096)
Documentary tax	16,100	15,545	(555)	977	535	(442)	17,077	16,080	(997)
Earned on investments	65,500	71,501	6,001	2,815	4,905	2,090	68,315	76,406	8,091
Education Improvement Act—1% sales tax				236,750	235,690	(1,060)	236,750	235,690	(1,060)
Education Improvement Act—investment earnings				1,800	2,377	577	1,800	2,377	577
Education Improvement Act—other				304	648	344	304	648	344
Electric power tax	14,300	13,241	(1,059)				14,300	13,241	(1,059)
Estate tax	22,700	24,857	2,157				22,700	24,857	2,157
Excise tax—casual sales	8,250	7,863	(387)				8,250	7,863	(387)
Fertilizer inspection tax	200	160	(40)				200	160	(40)
Gasoline tax—counties	17,100	16,842	(258)				17,100	16,842	(258)
Gift tax	2,900	2,124	(776)				2,900	2,124	(776)
Individual income tax	980,000	1,008,938	28,938				980,000	1,008,938	28,938
Insurance tax	88,003	83,535	(4,468)				88,003	83,535	(4,468)
Miscellaneous sources	42,768	40,956	(1,812)	42,706	40,553	(2,153)	85,474	81,509	(3,965)
Motor transport fees	5,002	4,722	(280)				5,002	4,722	(280)
Private car lines tax	1,150	1,099	(51)				1,150	1,099	(51)
Public service assessment	3,365	3,351	(14)				3,365	3,351	(14)
Public Service Authority	2,000	2,503	503				2,000	2,503	503
Radioactive waste surcharge	3,000	2,831	(169)				3,000	2,831	(169)
Retail sales tax (4%)	938,750	939,072	322				938,750	939,072	322
Retailers license tax	1,200	882	(318)				1,200	882	(318)
Savings and loan association tax	100	55	(45)				100	55	(45)
Soft drinks tax	19,500	18,868	(632)				19,500	18,868	(632)
Workers' compensation insurance tax	9,900	14,454	4,554				9,900	14,454	4,554
Total revenues	2,656,194	2,692,754	36,560	3,067,434	2,701,286	(366,148)	5,723,628	5,394,040	(329,588)
Expenditures:									
Legislative	26,683	22,600	4,083	1,172	791	381	27,855	23,391	4,464
Judicial	22,114	21,853	261				22,114	21,853	261
Executive and administrative	116,248	113,794	2,454	202,410	146,845	55,565	318,658	260,639	58,019
Educational	1,446,834	1,443,826	3,008	1,089,025	870,274	218,751	2,535,859	2,314,100	221,759
Health	372,228	371,241	987	694,780	655,862	38,918	1,067,008	1,027,103	39,905
Social rehabilitation services	100,288	97,571	2,717	424,424	349,658	74,766	524,712	447,229	77,483
Correctional	158,482	157,386	1,096	70,235	57,763	12,472	228,717	215,149	13,568
Conservation, natural resources, and development	101,905	99,707	2,198	76,096	60,586	15,510	178,001	160,293	17,708
Regulatory	57,183	56,508	675	54,629	43,104	11,525	111,812	99,612	12,200
Transportation	3,125	2,475	650	696	391	305	3,821	2,866	955
Debt service	107,578	107,122	456				107,578	107,122	456
Miscellaneous	174,402	174,402					174,402	174,402	
Highway Department	1,256	1,256		503,472	481,734	21,738	504,728	482,990	21,738
Total expenditures	2,688,326	2,669,741	18,585	3,116,939	2,667,008	449,931	5,805,265	5,336,749	468,516
Excess of revenues over (under) expenditures	(32,132)	23,013	55,145	(49,505)	34,278	83,783	(81,637)	57,291	138,928
Budgetary fund balance, July 1, 1986	66,648	66,648		351,099	351,099		417,747	417,747	
Budgetary fund balance, June 30, 1987	$ 34,516	$ 89,661	$ 55,145	$ 301,594	$ 385,377	$ 83,783	$ 336,110	$ 475,038	$138,928

The Notes to the Combined Financial Statements are an integral part of this statement.

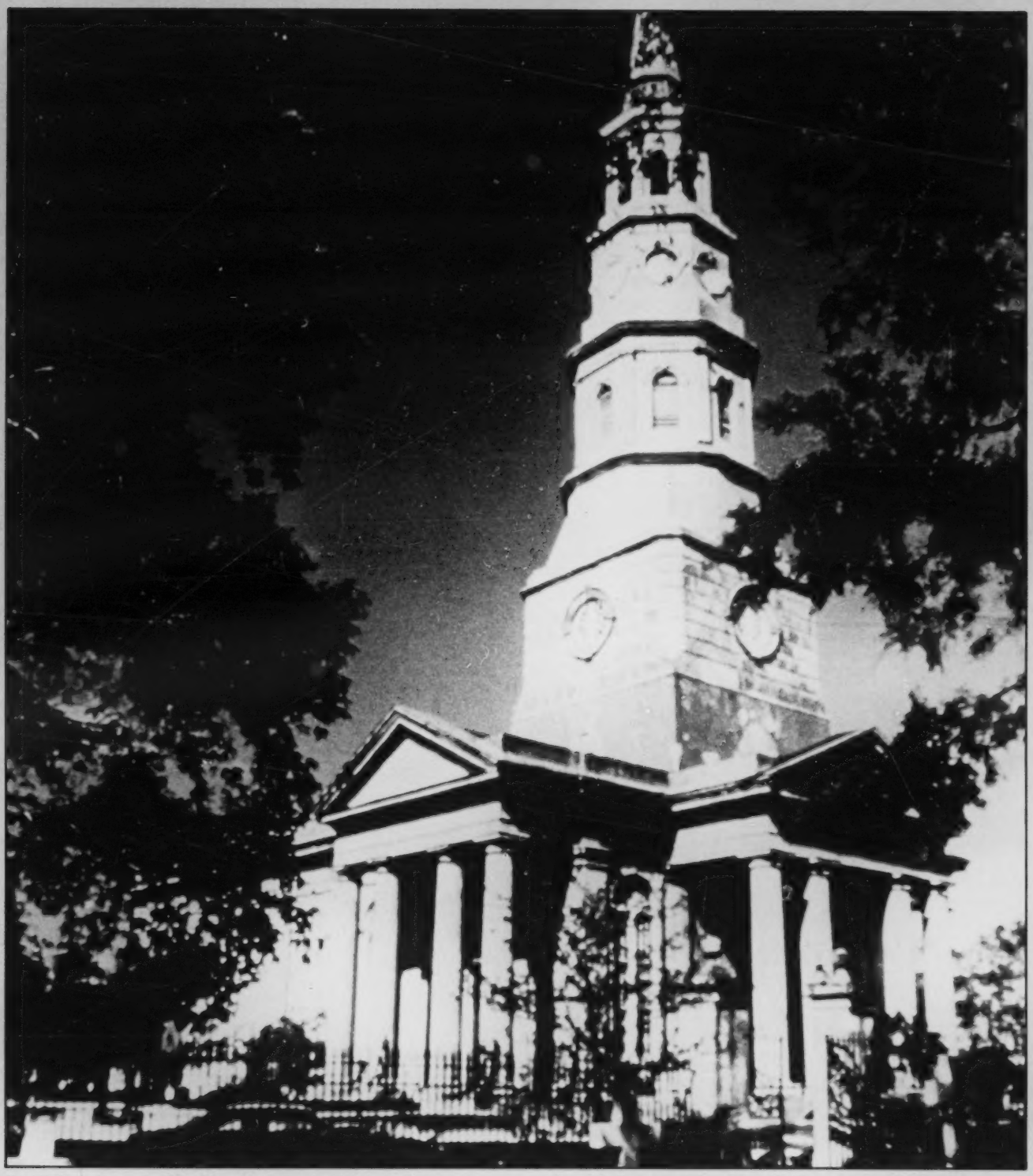
State of South Carolina

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY—ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	(Memorandum Only)
Operating revenues:					
Charges for services	$538,913	$465,512			$1,004,425
Contributions	222	21,858	$ 1	$ 406,808	428,889
Interest and other investment income	75,994	14,019	6	518,716	608,735
Other operating revenues	2,915	109			3,024
Total operating revenues	618,044	501,498	7	925,524	2,045,073
Operating expenses:					
General operations and administration	319,527	166,882			486,409
Benefits and claims	20,617	250,298		252,801	523,716
Interest	67,693	2,988			70,681
Depreciation and amortization	73,382	9,543			82,925
Other operating expenses	5,269	29,598			34,867
Total operating expenses	486,488	459,309	0	252,801	1,198,598
Operating income	131,556	42,189	7	672,723	846,475
Nonoperating revenues	72,256	5,628	26		77,910
Nonoperating expenses	(165,480)	(933)			(166,413)
Income before operating transfers	38,332	46,884	33	672,723	757,972
Operating transfers in	2,895	7,340		8,391	18,626
Operating transfers out	(2,413)			(3,880)	(6,293)
Net income	38,814	54,224	33	677,234	770,305
Retained earnings/fund balances, July 1, 1986 (restated)	484,835	52,325	525	4,629,567	5,167,252
Retained earnings/fund balances, June 30, 1987	523,649	106,549	558	5,306,801	5,937,557
Contributed capital, July 1, 1986 (restated)	180,393	52,054			232,447
Additions to contributed capital	241	553			794
Deductions to contributed capital	(260)				(260)
Fund equity, June 30, 1987	$704,023	$159,156	$558	$5,306,801	$6,170,538

The Notes to the Combined Financial Statements are an integral part of this statement.



St. Philip's Church, Charleston. — St. Philip's was the home parish for many Convention delegates. Edward Rutledge (St. Philip and St. Michael), signer of the Declaration of Independence, is buried here, along with the arch-Federalist William Loughton Smith (St. James, Goose Creek). Christopher Gadsden and Hugh Rutledge (both St. Philip and St. Michael) are buried here in unmarked graves. Delegates who were vestrymen of St. Philip's included Christopher Gadsden, Hugh Rutledge, Charles Cotesworth Pinckney, Daniel Cannon (all of St. Philip and St. Michael), Joseph Manigault (Christ Church, voted aye), Henry Laurens (St. John's, Berkeley, voted aye). Rawlins Lowndes, former President of South Carolina and eloquent opponent of the Constitution, is buried in the churchyard. Also buried here is John Caldwell Calhoun, the "Great Nullifier," U.S. Vice President, Senator and cabinet officer, and ardent defender of states' rights. The present church, the third on the site, was built in 1835-38.

State of South Carolina

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION—ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	
Sources of working capital:					
Operations:					
Net income	$ 38,814	$ 54,224	$ 33	$677,234	$ 770,305
Items not requiring (providing) working capital:					
Depreciation and amortization	75,954	9,543			85,497
Recognition of deferred income	(11)				(11)
Amortization of loss on reacquired debt	4,061				4,061
Costs to be recovered from future revenues	(28,921)				(28,921)
Loss on disposition of property and equipment	972	3,023			3,995
Total sources from operations	90,869	66,790	33	677,234	834,926
Decrease in long-term investments	39,970	1,989			41,959
Decrease in student loans receivable, net	6,543				6,543
Decrease in loans and notes receivable, net	47,630				47,630
Decrease in advances to other funds		(40,994)			(40,994)
Decrease in restricted assets	1,605		2,507		4,112
Increase in accrued liabilities	71,113				71,113
Increase in advances from other funds		15			15
Increase in deferred revenues and deferred credits	18,190				18,190
Increase in deferred compensation	100				100
Increase in lease and installment debt obligations—long-term		11			11
Increase in other noncurrent liabilities	3,756				3,756
Proceeds from bond issuances	547,633				547,633
Proceeds on disposal of property and equipment	189	15			204
Additions to contributed capital	235				235
Total sources of working capital	827,833	27,826	2,540	677,234	1,535,433
Uses of working capital:					
Increase in long-term investments	21,658	24,826	6	426,292	472,782
Increase in advances to other funds		326			326
Increase in restricted assets	29,349				29,349
Increase in deferred debits	79,262				79,262
Decrease in advances from other funds	116	(43,522)			(43,406)
Decrease in deferred revenues and other credits	38				38
Decrease in notes payable	43				43
Decrease in revenue bonds payable	594,154				594,154
Decrease in lease and installment debt obligations—long-term	2,917	5,697			8,614
Decrease in other noncurrent liabilities	93,174		2,507		95,681
Acquisition of property and equipment	61,418	84,225			145,643
Transfers of contributed capital	260				260
Total uses of working capital	882,389	71,552	2,513	426,292	1,382,746
Net increase (decrease) in working capital	$(54,556)	$(43,726)	$ 27	$250,942	$ 152,687

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION— ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS (continued)

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	
Components of net increase (decrease) in working capital:					
Cash	$(19,058)			$ (342)	$ (19,400)
Cash and deposits held by others	(60,804)				(60,804)
Investments, cost or amortized cost	65,745	$ 5,349		196,536	267,630
Accounts receivable, net	3,658	(2,620)	$ 5	75,518	76,561
Patient and student receivables	127				127
Loans and notes receivable—current portion		(3)			(3)
Due from Federal government and other grantors	3,208	47			3,255
Due from other funds	3,994	(7,577)	3	14,845	11,265
Inventories	(11,309)	5,591			(5,718)
Other current assets	1,066	(1,161)			(95)
Deferred yield adjustment for security exchanges				(34,485)	(34,485)
Deferred debits	(53)				(53)
Accounts payable and accrued liabilities	(20,581)	(17,455)	19	(1,130)	(39,147)
Intergovernmental payables	(224)				(224)
Insurance claims incurred but not reported	(5,384)	(14,394)			(19,778)
Due to other funds	(64)	3,084			3,020
Deferred revenues and deferred credits	(2,347)	(7,473)			(9,820)
Deposits	(4,690)				(4,690)
Liabilities payable from restricted assets	1,915				1,915
Notes payable	19				19
Revenue bonds payable	(12,673)				(12,673)
Lease and installment debt obligations—current	(375)	(4,577)			(4,952)
Compensated absences payable	(269)	(1,489)			(1,758)
Other current liabilities	3,543	(1,048)			2,495
Net increase (decrease) in working capital	$(54,556)	$(43,726)	$27	$250,942	$ 152,687

The Notes to the Combined Financial Statements are an integral part of this statement.

State of South Carolina

COMBINED STATEMENT OF CHANGES IN FUND BALANCES—HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds				Totals
	Unrestricted	Restricted			Unexpended	Renewal and Replacements	Retirement of Indebtedness	Investment in Plant	
Revenues and other additions:									
Unrestricted current fund revenues	$436,884								$ 436,884
Restricted student tuition and fees					$1,337		$ 4,422		5,759
Federal grants and contracts—restricted		$ 86,681	$ 979	$ 200	1,962		336	$ 366	90,524
State grants—restricted		3,779							3,779
Private gifts, grants, and contracts—restricted		25,371	20	3,861	1,538			5,222	36,012
Investment income—restricted		1,548	69	18	3,735	$ 326	2,480		8,176
Realized investment gains—unrestricted					265				265
Realized investment gains—restricted				282					282
Interest earned		77	603	5	478		399		1,562
Expended for plant facilities								125,816	125,816
Retirement of indebtedness					574			19,597	20,171
Other revenues and additions		4,153	71	13	6,283	1,301	5,289	1,040	18,150
Total revenues and other additions	436,884	121,609	1,742	4,379	16,172	1,627	12,926	152,041	747,380
Expenditures and other deductions:									
Educational and general	674,276	113,142							787,418
Auxiliary enterprises	103,356	1,208			47				104,611
Hospital	102,767	141							102,908
Indirect costs recovered		10,185							10,185
Loan cancellation and bad debt write-offs		5	464						469
Administration and collection costs		21	392				14		427
Expended for plant facilities					68,080	1,773			69,853
Retirement of indebtedness							19,603		19,603
Interest on indebtedness							13,780		13,780
Disposal of plant facilities								20,192	20,192
Other expenditures and deductions	3,333	50	12	46	3,347		6	1,315	8,109
Total expenditures and other deductions	883,732	124,752	868	46	71,474	1,773	33,403	21,507	1,137,555
Transfers in (out):									
Transfers among Higher Education Funds:									
Mandatory transfers for:									
Principal and interest	(13,558)				(86)		13,644		0
Renewals and replacements	(2,286)					2,286			0
Loan fund matching grant	(93)	38	55						0
Other	(161)	15	1		95			50	0
Nonmandatory transfers	(25,478)	(437)	75	197	20,866	5,936	5,868	(7,027)	0
Other transfers:									
Operating transfers in	476,913	6,957			25,708	543		2,612	512,733
Operating transfers out	(163)								(163)
Total transfers in (out)	435,174	6,573	131	197	46,583	8,765	19,512	(4,365)	512,570
Net increases (decreases)in fund balances	(11,674)	3,430	1,005	4,530	(8,719)	8,619	(965)	126,169	122,395
Fund balances, July 1, 1986 (restated)	63,293	16,484	30,341	16,475	51,602	1,486	42,753	1,170,947	1,393,381
Fund balances, June 30, 1987	$ 51,619	$ 19,914	$31,346	$21,005	$42,883	$10,105	$ 41,788	$1,297,116	$1,515,776

The Notes to the Combined Financial Statements are an integral part of this statement.

State of South Carolina

COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES—HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Current Funds		
	Unrestricted	Restricted	Totals
Revenues:			
Tuition and fees	$151,583		$ 151,583
Federal grants and contracts	19,228	$ 76,040	95,268
State grants and contracts	1,009	5,385	6,394
Local grants and contracts	10,951	651	11,602
Private gifts, grants, and contracts	5,032	20,508	25,540
Endowment income	220	947	1,167
Sales and services of educational departments	10,717		10,717
Sales and services of auxiliary enterprises	118,030		118,030
Sales and services of hospitals	94,018	141	94,159
Other	26,096	3,819	29,915
Total current revenues	436,884	107,491	544,375
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	312,241	16,914	329,155
Research	34,980	37,699	72,679
Public service	52,268	17,950	70,218
Academic support	59,388	3,140	62,528
Student services	38,023	4,576	42,599
Institutional support	97,249	1,848	99,097
Operation and maintenance of plant	79,149	597	79,746
Scholarships and fellowships	978	30,418	31,396
Educational and general expenditures	674,276	113,142	787,418
Mandatory transfers for:			
Principal and interest	4,723		4,723
Loan fund matching grant	93	(38)	55
Other	161	(15)	146
Total educational and general	679,253	113,089	792,342
Auxiliary enterprises:			
Expenditures	103,356	1,208	104,564
Mandatory transfers for:			
Principal and interest	8,835		8,835
Renewals and replacements	2,286		2,286
Total auxiliary enterprises	114,477	1,208	115,685
Hospital expenditures	102,767	141	102,908
Total expenditures and mandatory transfers	896,497	114,438	1,010,935
Other transfers and additions (deductions)			
Excess of restricted receipts over transfers to revenues		4,053	4,053
Transfers from the State General Fund	475,995	792	476,787
Other transfers and additions (deductions)	(28,056)	5,532	(22,524)
Net increase (decrease) in fund balances	$ (11,674)	$ 3,430	$ (8,244)

The Notes to the Combined Financial Statements are an integral part of this statement.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

These financial statements include all component units over which the State's elected officials exercise significant oversight responsibility. Financial interdependency is the most important element of oversight responsibility. However, the following also were considered in determining the scope of the reporting entity:

- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Related organization's inclusion in, or exclusion from, audited component unit financial statements

Based on the above criteria, the following significant component units are included in these financial statements:

- State-supported colleges/universities
- Area technical colleges
- The State's four retirement systems
- State Housing Authority
- South Carolina Public Service Authority (Santee-Cooper)
- State Ports Authority
- Public Railways Commission (and Tangent Transportation Company) — for the fiscal year ended December 31, 1986
- State Education Assistance Authority and Student Loan Corporation
- South Carolina Research Authority
- Patriots' Point Development Authority
- South Carolina Deferred Compensation Plans—for the fiscal year ended December 31, 1986
- The State Health Insurance Program
- The Local Government Investment Pool

The audited component unit financial statements of several State component units exclude certain related foundations; accordingly, they are excluded from these financial statements.

b. Basis of Presentation — Fund Accounting

The State uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

Governmental Funds finance most of the State's governmental functions. The measurement focus of the Governmental Funds is on sources, uses, and balances of financial resources.

The General Fund is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes.

Capital Projects Funds account for resources to acquire major capital facilities for use by the General Fund and Special Revenue Funds, including planning/construction of the State's highway system.

Debt Service Funds are not used because the State does not accumulate resources to pay future years' general long-term obligations. Instead, the State finances such payments directly from the current year's resources.

Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

Enterprise Funds account for business-like State activities that provide goods/services to the public financed primarily through user charges.

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units. Both principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. Only the earnings, but not the principal, of Nonexpendable Trust Funds may be expended.

Expendable Trust Funds have the same measurement focus as Governmental Funds. Nonexpendable Trust and Pension Trust Funds have the same measurement focus as Proprietary Funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

The General Fixed Assets Account Group includes all fixed assets other than those accounted for in the Proprietary and Higher Education Funds.

The General Long-Term Obligations Account Group accounts for all long-term obligations not accounted for in the Proprietary and Higher Education Funds. Long-term obligations include bonds, notes, capital leases, compensated absences, and claims/judgments.

c. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses, regardless of measurement focus.

Governmental, Expendable Trust, and Agency Funds

In past years, the State reported its Governmental, Trust, and Agency Funds on the budgetary basis of accounting. Beginning with the 1986-87 fiscal year, the modified accrual basis is used to report the Governmental, Expendable Trust, and Agency Funds. Revenues, expenditures, and other financing sources/uses for this fiscal year, therefore, are not comparable with those of last year.

Under the modified accrual basis, revenues are recorded when they become susceptible to accrual (i.e., both measurable and available). Except for entitlements, revenues are deemed available at year-end only if received within one

month following year-end. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Individual income taxes in the hands of employers, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Non-delinquent corporate income taxes, fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are not considered susceptible to accrual.

Expenditures are recorded when goods or services are received, except for principal and interest on obligations reflected in the General Long-Term Obligations Account Group, which are recorded when due.

Proprietary, Nonexpendable Trust, and Pension Trust

In past years, the State reported its Nonexpendable Trust and Internal Service Funds on the budgetary basis of accounting. Beginning with the 1986-87 fiscal year, the State uses the accrual basis of accounting to report activity of the Proprietary, Nonexpendable Trust, and Pension Trust Funds. Under the accrual basis of accounting, the State recognizes revenues when earned and expenses when incurred.

Grant/Entitlement Revenues

The State recognizes grants as revenue when the State has incurred grant costs and has met all related grant requirements (such as matching requirements). In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

Pending determination of the fund(s) to be financed, grant/entitlement funds to be distributed to other State agencies are accounted for in Agency Funds. At June 30, 1987, approximately $2 million was being held in Agency Funds pending such determination.

d. Pooling of Cash and Investments

The State keeps certain monies in a pooled general deposit account and records each fund's equity interest in the pool. All earnings on these monies, however, are recorded in the General Fund. The State segregates other monies (including those of the Pension Trust Funds) into various special deposit accounts. Each special deposit account retains its own earnings.

e. Investments and Deferred Yield Adjustment for Certain Security Exchanges

Investments are valued at amortized cost using the effective interest method to amortize bond premiums/discounts over the time from purchase to maturity, except for deferred compensation plans' investments which are valued at the value of the underlying insurance contracts.

Additionally, gains and losses on bond exchanges in the Pension Trust Funds are accounted for under the deferral and amortization method. Net gains and losses on bond exchanges are deferred and amortized on a straight-line basis over the shorter of the life of the bond sold or purchased. The unamortized amount is reported as a deferred yield adjustment for security exchanges on the Combined Balance Sheet. Gains or losses arising from non-exchange bond transactions are not deferred; they are recognized as current-year investment income.

f. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The Governmental and Expendable Trust Funds use the purchases method while the Proprietary Funds use the consumption method.

g. Fixed Assets and Depreciation

Fixed assets are valued at historical cost or at estimated historical cost if actual historical cost data are not available. Donated fixed assets are recorded at fair market value on the donation date.

Governmental and Expendable Trust Funds

Governmental and Expendable Trust Funds record expenditures when they acquire fixed assets and capitalize those assets in the General Fixed Assets Account Group. The General Fixed Assets Account Group records neither depreciation nor capitalization of interest expenditures during construction. The State does not record its public domain (infrastructure) assets in the General Fixed Assets Account Group.

Proprietary and Nonexpendable Trust Funds

Proprietary and Nonexpendable Trust Funds capitalize fixed assets when acquired. Net interest costs are capitalized on projects during the construction period. Depreciation is provided using the straight-line method over the following estimated useful lives:

	Years
Land improvements	3-75
Buildings, improvements, and utility plant	5-50
Machinery, equipment, and other	2-25

h. Deferred Debits

Unamortized loss on refunded debt and deferred costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility) are recorded as deferred debits in the Enterprise Funds.

i. Tax Refunds Payable

During the calendar year, the State collects employee withholdings and taxpayers' payments for personal income taxes. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. This estimated payable is recorded as Tax Refunds Payable and a reduction of Tax Revenues.

j. Compensated Employee Absences

During their first ten years of service, full-time permanent State employees earn 15 days per year of vacation and sick leave. After ten years, employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination

of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for accumulated sick leave when they terminate.

The General and Special Revenue Funds record expenditures when they pay employees for leave, and the cost of accumulated vacation leave is recorded in the General Long-Term Obligations Account Group. For Proprietary Funds, the cost of vacation leave is recorded as an expense and a liability when earned.

k. Interfund Transactions

The State accounts for the following types of interfund transactions:

Interfund loans may occur between two State funds. Short-term interfund loans outstanding at year-end result in Due From/To Other Funds (receivables/payables). Advances To/From Other Funds represent long-term interfund loans receivable/payable.

Reimbursements result when one fund makes an expenditure on behalf of another fund. The reimbursement transaction reduces expenditure in the reimbursed fund and increases expenditure in the reimbursing fund.

Quasi-external transactions involve charges for goods/services that one fund delivers/provides to another. These transactions may result in short-term interfund receivables/payables (Due From/To Other Funds) at year-end.

Residual equity transfers are nonroutine or nonrecurring transfers between funds.

Operating transfers include all interfund transactions that are not loans, reimbursements, quasi-external transactions, or residual equity transfers.

The State eliminates interfund receivables/payables that occur within a single Combined Balance Sheet fund type.

l. Risk Management

Several funds accumulate assets to cover risks that the State incurs in its normal operations. Specifically, the State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation and Second Injury Fund benefits
- Claims of covered public employees for health insurance, dental insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)
- Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools, and their contents
- Motor vehicles, school buses, and aircraft
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these liabilities.

The State has recorded liabilities both for claims known but not paid and for claims incurred but not reported at June 30 in its risk management funds, which are reported primarily as Proprietary Funds.

m. Discrete Presentation — Higher Education Funds

Financial activities of the higher education institutions are reported in the Higher Education Funds. These funds use generally accepted accounting principles that apply to colleges and universities. The Higher Education Funds are presented in a separate column on the Combined Balance Sheet as a discrete presentation. The Combined Statement of Changes in Fund Balances — Higher Education Funds presents the following fund types:

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are Unrestricted Current Funds.

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

Endowment and Similar Funds account for endowment and quasi-endowment transactions. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

Plant Funds account for transactions involving physical properties of the higher education institutions. The Unexpended Plant Fund subgroup accounts for monies that institutions will use to acquire physical properties in future accounting periods. The Renewal and Replacements Fund subgroup accounts for monies the institution has set aside for the renewal and replacement of institutional properties. Monies in the Retirement of Indebtedness subgroup include amounts to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that the institution has expended for (and thus has invested in) its properties and any related outstanding debt.

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

The Combined Statement of Current Funds Revenues, Expenditures, and Other Changes — Higher Education Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Cash draws of the higher education institutions appear as expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual (Budgetary Basis)—All Budgeted Funds. On all other combined operating statements, however, the institutions' cash draws from the General Fund appear as Operating Transfers from the General Fund to the Higher Education Funds.

The measurement focus in these funds is upon determination of resources received and used. The Higher Education Funds use the accrual basis except that depreciation of fixed

assets is not recorded. Current Funds used to finance plant assets are accounted for as (1) expenditures, for normal replacement of movable equipment and library books; (2) mandatory transfers, for required provisions for debt amortization/interest and equipment renewal and replacement; and (3) transfers of a nonmandatory nature for all other cases.

Higher Education Funds record expenditures when they acquire fixed assets and capitalize those assets within their Plant Funds. These funds capitalize interest expenditures during construction but do not record depreciation.

Higher Education Funds use the consumption method of recording inventories.

n. Total (Memorandum Only) Columns

Amounts in the "Total — Memorandum Only" columns represent an aggregation of the combined financial statement line-items to facilitate financial analysis. Amounts in the "Total — Memorandum Only" columns are not comparable to a consolidation.

NOTE 2: ACCOUNTING AND REPORTING CHANGES

The State has kept its records and has prepared its financial statements for previous years primarily on the budgetary basis which approximates the cash basis with certain material exceptions. At June 30, 1987, the State adopted generally accepted accounting principles (GAAP) applicable to governmental units. Although appropriate adjustments have been made to ending fund balance/retained earnings, it was not practicable to determine what adjustments would be necessary in the financial statements of the current and preceding year to restate results of operations and changes in financial position in conformity with the accounting principles used in the June 30, 1987, Combined Balance Sheet.

On June 30, 1987, the State changed its fund structure for reporting purposes to comply with GAAP. These changes were both numerous and extensive. In past years, the State did not distinguish among Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. In addition, this is the first year that the State's financial statements have included a General Fixed Assets Account Group.

The June 30, 1987, financial statements include several component units for the first time. The most significant of these are the State's technical colleges, the pension and deferred compensation plans, the Local Government Investment Pool, Patriots' Point Development Authority, and the State health insurance plan.

The accompanying financial statements reflect some of the changes described above as adjustments to beginning fund equity whereas others are reflected as adjustments to the revenues or expenditures/expenses of the current year. The table below shows June 30, 1986, fund equity as previously reported, as restated, and the difference between the two reported amounts.

Fund Type/Account Group	Total Ending Fund Balance or Retained Earnings in 1985-86 Report	Fund Balance or Retained Earnings Adjustments	Beginning Fund Balance or Retained Earnings in 1986-87 Report
General Fund	$ 66,648	$ 52,205	$ 118,853
Special Revenue Funds	286,459	(52,880)	233,579
Capital Projects Funds	121,401	47,685	169,086
Debt Service Funds	80,637	(80,637)	
Enterprise Funds	415,229	69,606	484,835
Internal Service Funds	3,277	49,048	52,325
Trust Funds:			
Expendable Trust Funds		208,692	208,692
Nonexpendable Trust Funds		525	525
Pension Trust Funds		4,629,567	4,629,567
Higher Education Funds:			
Unrestricted Current Funds	36,491	26,802	63,293
Restricted Current Funds	11,965	4,519	16,484
Loan Funds	29,527	814	30,341
Endowment and Similar Funds	16,914	(439)	16,475
Plant Funds:			
Unexpended	114,567	(62,965)	51,602
Renewals and Replacements	899	587	1,486
Retirement of Indebtedness	40,923	1,830	42,753
Investment in Plant	986,493	184,454	1,170,947
Totals (Memorandum Only)	$2,211,430	$5,079,413	$7,290,843

NOTE 3: BUDGETARY ACCOUNTING AND REPORTING

a. Budgetary Funds

South Carolina's Appropriation Act does not present budgets by GAAP fund. Instead, it presents budgets for:

General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund.

Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most Federal and department-generated resources. Total Funds include some Proprietary and Capital Project Fund activities but exclude most Trust and Agency Fund activities.

These financial statements include a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual (Budgetary Basis) — All Budgeted Funds. The Budgetary General Fund columns on that statement correspond to the General Funds column in the Appropriation Act. The Other Budgeted Funds columns represent the difference between the Total Funds and the General Funds columns in the Appropriation Act.

b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended Budgetary General Fund appropriations lapse on July 31 unless the department or agen-

cy is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

State law does not precisely define the budgetary basis of accounting. In practice, however, it is the cash basis with the following exceptions: (1) departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 25, and (2) several types of revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.

c. Budgetary Policies

State law does not require the use of encumbrance accounting. Neither the General Fund nor the Budgetary General Fund, therefore, records encumbrances or a reserve for encumbrances. Instead, the General Fund shows the authorized appropriation carry-forward amount as a reserve of fund balance.

The State maintains budgetary control at the level of major object class of expenditure within each program of each department or agency. Departments and agencies may process expenditure vouchers in the State's budgetary accounting system only if enough cash and appropriations exist. Each department or agency receives periodic reports comparing actual budgetary-basis expenditures with appropriations at the legal level of control. These reports cannot be reproduced within the Comprehensive Annual Financial Report, however, because the State has approximately 6,200 appropriated line-items in the Budgetary General Fund and 5,400 line-items in the Other Budgeted Funds. Departments and agencies may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. No such transfer request, however, may exceed twenty percent of the program budget. The Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve such requests.

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The 1986-87 Appropriation Act directs the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if necessary to prevent a deficit. Likewise, the Budget and Control Board may approve increases or decreases in the Budgetary General Fund's estimated revenues during the year.

For Other Budgeted Funds, the annual Appropriation Act presents estimated revenue amounts only for Education Improvement Act and highway revenues. The Budget and Control Board, however, provides estimated revenue amounts for the other resources in these funds. The Appropriation Act includes all appropriation amounts for these funds.

As operating conditions change, departments and agencies may request revisions of estimated revenues and expenditures in Other Budgeted Funds. Such changes require the Governor's approval, the Joint Appropriation Review Committee's concurrence, and the Budget and Control Board's review. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects that the General Assembly did not specifically authorize. The Budget and Control Board and the Joint Bond Review Committee must approve and review these changes.

In some years, the General Assembly enacts a Supplemental Appropriation Act. For the fiscal year ended June 30, 1987, however, there were no supplemental appropriations.

d. Legal Limit on Appropriations

State law imposes a ceiling on appropriations for general, school, and highway purposes. The limit equals the greater of: (1) the limit for the last fiscal year increased by the average percentage rate of growth in State personal income for the previous three completed calendar years, or (2) 9.5% of the total personal income of the State for the last completed calendar year.

The fiscal year ended June 30, 1987, was the first year to which this limitation applied. The 1986-87 Appropriation Act included appropriations of $3.062 billion for general, school, and highway purposes — $311 million less than the legal limit.

e. Legal Limit On Number of State Employees

The State's Constitution and statutes limit the number of employees that the Budgetary General Fund may have. The number of these employees may not increase faster than the State's population. On June 30, 1987, the State's Budgetary General Fund had 38,843 employees — 1,756 fewer than the legal limit.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

f. Reconciliation of Budget/GAAP Reporting Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis) — All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 1987, were:

	Financial Statement Fund Types										
Classification of budgetary excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources into GAAP fund structure:	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	Non-expendable Trust	Pension Trust	Agency	Higher Education	Totals (Memorandum Only)
Budgetary General Fund	$ 23,013										$ 23,013
Other Budgeted Funds	(14,959)	$19,716	$ 9,305	$ 2,449	$ 4,092	$ 8,167			$(1,323)	$ 6,831	34,278
Totals	8,054	19,716	9,305	2,449	4,092	8,167	0	0	(1,323)	6,831	57,291
Timing differences										1,283	1,283
Basis differences	(117,690)	75,744	(28,936)	5,734	76,680	(8,135)			1,323	110,274	114,994
To record excess of revenues and other financial resources over (under) expenditures and other uses of financial resources for unbudgeted accounts	8,982	(9,648)	47,961	30,631	(26,548)	85,174	$33	$677,234		4,007	817,826
GAAP financial statement excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources	$(100,654)	$85,812	$28,330	$38,814	$54,224	$85,206	$33	$677,234	$ 0	$122,395	$991,394

NOTE 4: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those which by specific authority are under the control of other component units, primarily the Public Service Authority.

a. Deposits

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 1987, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

At June 30, 1987, the Public Service Authority's bank balances were covered by Federal depository insurance or by collateral held in the pledging bank's trust department.

b. Investments

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain obligations of United States corporations.

The State classifies its investments into two risk categories. Category A includes investments that were insured or registered or for which the securities were held by the State or its agent in the State's name. Category B includes uninsured and unregistered investments for which the securities were held by the broker or dealer, or by the broker's/dealer's trust department or agent but not in the State's name. The State's investments by risk category (expressed in thousands) at June 30, 1987, were:

	Category A	Category B	Carrying Value	Market Value
U.S. government securities	$4,626,032	$288,361	$4,914,393	$5,371,168
Corporate bonds	1,314,029	55	1,314,084	1,333,443
Repurchase agreements	379,742	13,314	393,056	393,055
State institution and mortgage-backed securities	261,109		261,109	267,626
Certificates of deposit	153,990	26,656	180,646	180,646
Other	183	12,378	12,561	18,483
Totals and subtotals	$6,735,085	$340,764	7,075,849	7,564,421
Investments not classified as to risk category			313,148	313,148
Totals			$7,388,997	$7,877,569

In addition to $7.106 billion reported as investments in the Combined Balance Sheet, the table above includes investments of $283 million which are reported as restricted assets.

Investments not classified as to risk category include: $201 million in deferred compensation plans administered by a third party, $108 million of insurance company deposits over which the State has no equity or ownership interest or control — only safekeeping responsibilities, and $4 million of other investments.

On April 27, 1987, the State committed to purchase up to $50 million in Mortgage Guaranty Insurance Corporation loan pass-through certificates for the South Carolina Retirement System. As of June 30, 1987, $18.5 million in bids had been confirmed against the $50 million commitment. None of the transactions, however, was settled as of June 30, 1987.

c. Securities Loan Program

Through a safekeeping agent, the State lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. Securities loaned and securities taken as collateral are all book-entry securities which are substantially similar in type, rate, and maturity for each transaction. Under this program, the State may demand return within twenty-four hours of any security previously loaned. At June 30, 1987, the State had the following amounts of securities (expressed in thousands) on loan under this program:

	Carrying Value
Pooled Accounts	$193,443
South Carolina Retirement System	599,065
Police Officers' Retirement System	31,946
Local Government Investment Pool	25,913
State Ports Authority	7,184
Public Railways Commission	2,576
Total	$860,127

NOTE 5: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1987, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use	$ 85,969	$33,144	
Individual income	47,300		
Corporate income	4,584		
Unemployment			$51,835
Gasoline and motor vehicle	2,288	25,089	
Alcoholic beverages and tobacco	3,461		
Other	7,290	1,303	
Gross taxes receivable	150,892	59,536	51,835
Less: Allowance for uncollectible taxes	7,246	1,228	5,808
Net taxes receivable	$143,646	$58,308	$46,027

Approximately $180 million of net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1987, and were collected within thirty days after that date.

NOTE 6: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 1987, consisted of:

	Enterprise	Internal Service	General Fixed Assets	Higher Education
Land and improvements	$ 90,814	$ 4,422	$ 72,853	$ 75,072
Buildings, improvements, and utility plant	2,195,219	108,989	433,072	870,856
Machinery, equipment, and other	25,695	68,334	491,214	454,471
Construction in progress	80,777		102,673	95,989
Property, plant, and equipment before accumulated depreciation	2,392,505	181,745	1,099,812	1,496,388
Less: accumulated depreciation	483,656	36,748		
Total property, plant, and equipment (net)	$1,908,849	$144,997	$1,099,812	$1,496,388

Changes in general fixed assets (expressed in thousands) for the year ended June 30, 1987, were:

	Balance July 1, 1986	Additions	Retirements	Balance June 30, 1987
Land and improvements	$ 67,653	$ 5,207	$ 7	$ 72,853
Buildings, improvements, and utility plant	409,036	24,618	582	433,072
Machinery, equipment, and other	446,324	71,075	26,185	491,214
Construction in progress	68,657	59,543	25,527	102,673
Total General Fixed Assets	$991,670	$160,443	$52,301	$1,099,812

Construction in progress retirements are recorded as additions to other categories of assets.

Outstanding construction commitments at June 30, 1987, totaled $515 million.

NOTE 7: RETIREMENT PLANS

a. Plan Descriptions

The Retirement Division of the State Budget and Control Board maintains four defined-benefit retirement systems: **the South Carolina Retirement System (SCRS), the South Carolina Police Officers Retirement System (PORS), the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), and the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS).** The systems publish their own Comprehensive Annual Financial Report.

The systems provide retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Although public schools are outside the State reporting entity, the State provides a portion of the required employers' contribution for public school employees' retirement benefits.

Each system is independent. Funds may not be transferred from one system to another or used for any purpose other than to benefit each system's participants. The number of participating employers, the average number of contributing

members, and annual payroll amounts (dollars expressed in thousands) for each system for the year ended June 30, 1987, were:

	SCRS	PORS	GARS	JSRS
Number of employers:				
State and schools	112	1	1	1
Other	363	178		
Average number of contributing members:				
State employees	59,450	6,272	170	104
School employees	66,751			
Other employees	27,330	6,570		
Covered payroll:				
State	$1,208,697	$116,098	$2,312	$7,375
Schools	1,224,183			
Other	386,303	115,663		

Substantially all permanent State employees are covered. The State's total payroll, therefore, is substantially the same as its covered payroll.

The numbers of retirees and beneficiaries currently receiving benefits plus the numbers of terminated employees entitled to benefits but not yet receiving them at June 30, 1986 (latest available data), were:

SCRS	PORS	GARS	JSRS
111,883	5,749	209	54

The numbers of fully vested and nonvested active employees covered by the plans at June 30, 1986 (latest available data), were:

SCRS	PORS	GARS	JSRS
149,537	12,105	201	103

b. Funding and Benefit Policies

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contribution requirements for each system. The following paragraphs summarize those requirements.

SCRS is a multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire at age sixty-five or with thirty years of service at any age receive an annual benefit, payable monthly for life. Reduced benefits are payable as early as age sixty.

PORS is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years. Vested members who retire at age fifty-five or at any age with thirty years of service receive an annual benefit, payable monthly for life. Reduced benefits are payable as early as age fifty.

GARS is a single-employer pension system that benefits members of the South Carolina General Assembly. Membership is required as a condition of taking office as a member of the General Assembly. Members of the General Assembly and the State of South Carolina must contribute. Benefits vest after eight years. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly for life.

JSRS is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors. Membership is required as a condition of taking office as a judge in these courts. Both judges and the State of South Carolina must contribute. Members who retire at age seventy-two with ten years service, age seventy with fifteen years service, age sixty-five with twenty years service, or at any age with twenty-five years of service receive an annual benefit, payable monthly for life.

c. Funding Status and Progress

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to: (1) assess the systems' funding status on a going-concern basis, (2) assess progress toward accumulating sufficient assets to pay benefits when due, and (3) compare various public employee retirement systems and employers. The measure is the actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuaries use to determine contributions to the systems.

Significant actuarial assumptions used to compute the pension benefit obligation at June 30, 1986 (latest available data), were:

	SCRS	PORS	GARS	JSRS
Annual interest rate (compounded annually)	7%	7%	7%	7%
Inflation	4%	4%	4%	4%
Merit or seniority increases	2%	2%	1%	2%
Post-retirement benefit increases	4%	4%		4%

Salary scales for SCRS and PORS are graded based on age. The above figures are representative of that scale. Projected rates of separation due to withdrawal, death, service retirement, and disability are based on experience of the systems.

Neither SCRS nor PORS separately measures assets and pension benefit obligations for individual employers. The total unfunded pension benefit obligation for each system (ex-

pressed in thousands) at June 30, 1986 (latest available data), was:

	SCRS	PORS	GARS	JSRS
Pension benefit obligation:				
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$2,017,200	$ 132,100	$10,400	$26,800
Current employees —				
Accumulated employee contributions including allocated investment earnings	1,066,100	62,700	2,300	3,500
Employer-financed vested	400,800	72,100	3,400	2,600
Employer-financed nonvested	2,263,400	130,200	5,000	16,000
Total pension benefit obligation	5,747,500	397,100	21,100	48,900
Net assets available for benefits, at cost	4,202,400	353,300	13,600	16,300
Unfunded pension benefit obligation	$1,545,100	$ 43,800	$ 7,500	$32,600

The market values of net assets available for benefits (expressed in thousands) at June 30, 1986 (latest available data), were:

SCRS	PORS	GARS	JSRS
$4,582,600	$395,500	$14,800	$18,700

d. Contributions Required and Contributions Made

A consulting actuary determines employer contributions for all four systems. The systems use the projected benefit method with entry age normal cost and open-end unfunded accrued liability for this purpose. The actuary determines the actuarial present value of total benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following exceptions: (1) Post-retirement benefit increases were projected only for retired members and members eligible to retire under SCRS and PORS. (2) Net assets attributable to the SCRS and PORS group life insurance and the PORS accidental death programs were excluded. At June 30, 1986 (latest available data), the unfunded accrued liability liquidation periods (in years) were:

SCRS	PORS	GARS	JSRS
17	2	20	30

The recommended employer contributions, as percentages of compensation, for the fiscal year ended June 30, 1987, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS — State and schools	3.74%	3.26%		.30%	7.30%
SCRS — other	3.19%	2.96%		.30%	6.45%
PORS	6.19%	4.11%	.20%	.40%	10.90%
JSRS	20.62%	19.36%		.95%	40.93%

For GARS, recommended employer contribution amounts (expressed in thousands) for the fiscal year ended June 30, 1987, were:

Normal	$ 706
Unfunded accrued liability	657
Group life insurance	4
Total	$1,367

By law, employee contribution requirements for the fiscal year ended June 30, 1987, were:

SCRS — State and schools	4% of salary up to $4,800 and 6% of the excess
SCRS — other	Class I members — 3% of salary up to $4,800 and 5% of the excess; Class II members — same as the State rates above
PORS	Class I members — $16 per month; Class II members — 5% of salary
GARS	10% of normal compensation
JSRS	7% of total salary

Actual contributions (expressed in thousands) for the fiscal year ended June 30, 1987, were:

	Employer Contributions	Percent of Covered Payroll	Employee Contributions	Percent of Covered Payroll
SCRS — State	$ 88,798	7.4%	$ 68,879	5.7%
SCRS — schools	89,779	7.3%	69,699	5.7%
SCRS — other	25,231	6.5%	21,209	5.5%
PORS — State	12,868	11.1%	6,058	5.2%
PORS — other	12,991	11.2%	6,052	5.2%
GARS	1,368	59.2%	310	13.4%
JSRS	3,018	40.9%	549	7.4%
Totals	$234,053		$172,756	

Beginning with the report dated June 30, 1986, the actuarial valuation for SCRS: (1) includes liabilities for cost-of-living increases for retirees and for active members eligible for service retirement, and (2) excludes the post-retirement increase special fund. The estimated effects of these changes have been: (1) to increase the funding period from two to approximately seventeen years, and (2) to increase the unfunded ac-

crued liability from approximately $130.044 million to $825.871 million. These changes had no effect on contributions or contribution rates.

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The South Carolina Retirement Systems' Comprehensive Annual Financial Report for the fiscal year ended June 30, 1987, presents ten-year historical trend information on pages 26-27. The following is an analysis of funding progress for the fiscal year ended June 30, 1986 (latest available data):

	SCRS	PORS	GARS	JSRS
Net assets available for benefits as a percentage of the pension benefit obligation	73.1%	89.0%	64.5%	33.3%
Unfunded pension benefit obligation as a percentage of annual covered payroll	58.7%	21.4%	277.8%	459.2%

NOTE 8: DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employees of the State's political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k), are accounted for as Agency Funds. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions if they incur a financial hardship. All deferred compensation, all property or rights of property purchased with amounts deferred, and any income earned on property purchased remain assets of the employer subject to the claims of the employer's general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. The State has no liability for losses under the plans.

Of the $197 million assets in the Section 457 plan at December 31, 1986, $109 million was applicable to the State while the remaining $88 million represented assets of other participating jurisdictions.

NOTE 9: POST-RETIREMENT BENEFITS

The State General Assembly has directed the General Fund to pay supplemental (cost-of-living) increases to retirees. During the fiscal year ended June 30, 1987, the State's General Fund transferred $8.4 million to the South Carolina Retirement System and the Police Officers' Retirement System for retiree supplemental benefits.

In addition to providing pension plan and supplemental benefits, the State currently provides its retired employees with health care benefits. If this provision remains in effect, substantially all State employees who reach normal retirement age while working for the State will become eligible for those benefits. During the fiscal year ended June 30, 1987, the State's General Fund paid $23.7 million for retiree health insurance.

NOTE 10: LEASES

a. Lease Commitments

The State leases land, office facilities, equipment, and other assets under both capital and operating leases. The present value of future minimum capital lease payments and minimum annual lease payments for operating and capital leases (expressed in thousands) follow:

	Capital Leases				
Fiscal Year Ended June 30	Enterprise Funds	Internal Service Funds	Long-Term Obligation Account Group	Higher Education Funds	Operating Leases
1988	$ 5,811	$ 11,725	$ 6,093	$ 6,874	$13,620
1989	5,459	11,676	3,959	6,522	9,595
1990	5,273	11,688	3,345	4,712	8,119
1991	5,273	15,802	2,116	3,594	6,153
1992	5,266	9,435	694	1,247	4,793
1993 and after	80,436	67,352			22,872
Total minimum lease payments	107,518	127,678	16,207	22,949	$65,152
Less: interest and executory costs	35,246	49,947	2,757	3,223	
Present value of net minimum lease payments	$ 72,272	$ 77,731	$13,450	$19,726	

Operating lease payments during the fiscal year ended June 30, 1987, totaled $31.9 million.

b. Facilities Leased To Others

Non-State parties lease certain land and facilities under operating leases from the South Carolina State Ports Authority, an Enterprise Fund. At June 30, 1987, the Authority had leased facilities costing approximately $68.4 million to others and had recorded $21.4 million in related accumulated depreciation. At June 30, 1987, future minimum receivables

under noncancelable operating leases (expressed in thousands) were:

Fiscal Year Ending June 30	Amount
1988	$ 6,618
1989	6,600
1990	5,670
1991	2,958
1992	1,185
1993 and after	7,282
Total	$30,313

NOTE 11: BONDS AND NOTES PAYABLE

a. General Obligation Bonds and Notes

General obligation bonds and notes are backed by the full faith, credit, and taxing power of the State. General obligation bonds and notes outstanding at June 30, 1987 (expressed in thousands), were:

	Bonds	Notes
General Long-Term Obligation Account Group		
School bonds, 4.5% to 9.1%	$ 12,000	
Highway bonds, 4.5% to 6.0%	16,500	
Capital improvement bonds, 3.50% to 11.00%	636,740	
Totals—General Long-Term Obligation Account Group	665,240	
Higher Education Funds		
State institution bonds/notes, 4.00% to 6.00%	18,590	$9,440
Totals—general obligation bonds and notes payable	$683,830	$9,440

At June 30, 1987, $170.482 million of capital improvement bonds were authorized but unissued.

The State must pay the debt service on a portion of the above principal outstanding from specific pledged revenues, which revenues are deemed sufficient to pay both principal and interest on the bonds. The following schedule shows this portion of principal (expressed in thousands) outstanding at June 30, 1987:

Type of Bond	Type of Revenue Pledged	Principal Secured by Pledged Revenue
Highway	State gasoline tax	$16,500
Capital improvement	State income tax	63,000
State institution	Tuition	5,450
Total		$84,950

Unspecified General Fund revenues secure all other general obligation bonds and notes outstanding.

At June 30, 1987, future debt service requirements (expressed in thousands) for general obligation bonds and notes were:

Year Ending June 30	Principal	Interest	Total
1988	$ 73,750	$ 45,459	$119,209
1989	61,410	42,092	103,502
1990	62,420	37,633	100,053
1991	61,525	33,085	94,610
1992	48,975	28,575	77,550
1993 and after	385,190	117,735	502,925
Totals	$693,270	$304,579	$997,849

The General Fund pays all debt service for general obligation bonds and notes recorded in the General Long-Term Obligation Account Group. The Higher Education Plant Funds (Retirement of Indebtedness) pay the debt service for general obligation bonds and notes recorded in the Higher Education Funds.

The State's legal debt margin at June 30, 1987, was $133.5 million for highway bonds and $31.97 million for institution bonds. The legal annual debt service margin at June 30, 1987, for other general obligation bonds/notes, excluding tax and bond anticipation notes, was $29.754 million.

b. Revenue Bonds and Notes

Revenue bonds and notes are not backed by the full faith, credit, and taxing power of the State. Revenue bonds and notes outstanding (expressed in thousands) at June 30, 1987, were:

	Bonds	Notes
General Long-Term Obligation Account Group		
Forestry Commission notes, 8.6%		$ 700
Totals—General Long-Term Obligation Account Group		700
Enterprise Funds		
Public Service Authority priority obligations, 2.70% to 5%	$ 60,515	
Public Service Authority electric system expansion revenue bonds, 3.25% to 11.75%	1,788,819	
Public Service Authority electric revenue bonds, 6.25% to 8.70%	121,500	
State Housing Authority bonds, 5.25% to 13.25%	615,111	
Education Assistance Authority bonds, 5.3% to 15.0%	82,760	
State Ports Authority bonds, 3.6% to 10.75%	10,510	
Patriots' Point Development Authority bonds and notes, 7.05% to 8.0%	19,343	157
Totals—Enterprise Funds	2,698,558	157
Higher Education Funds		
Various bonds and notes, 3.0% to 11.0%	146,732	14,907
Totals—revenue bonds and notes payable	$2,845,290	$15,764

The State has recorded its revenue bonds payable net of $45.587 million in unamortized premiums/discounts.

At June 30, 1987, there was no revenue debt authorized but unissued.

At June 30, 1987, the State also owed the United States government $14.927 million for construction of the Trotters Shoals Lake Project. This obligation is included in Other Long-Term Debt.

The funds that receive the proceeds of bonds and notes have pledged revenues for payment of debt service as follows:

General Long-Term Obligation Account Group

Forestry Commission Notes: sale of timber (Departmental General Operating Fund)

Enterprise Funds

Public Service Authority obligations: Public Service Authority Fund revenues

State Housing Authority bonds: State Housing Authority Fund revenues

Education Assistance Authority bonds: loan repayments and U.S. Commissioner of Education funds (State Education Assistance Authority and Student Loan Corporation Fund)
State Ports Authority bonds: State Ports Authority Fund revenues
Patriots' Point Development Authority bonds (and notes): operating lease revenues of the Patriots' Point Development Authority Fund

Higher Education Funds

Various higher education bonds/notes: various specific higher education revenues

At June 30, 1987, future debt service requirements (expressed in thousands) for revenue bonds and notes were:

Fiscal Year Ending June 30	Principal	Interest	Total
1988	$ 87,944	$ 221,666	$ 309,610
1989	90,607	208,617	299,224
1990	60,420	203,617	264,037
1991	57,643	199,623	257,266
1992	61,192	195,693	256,885
1993 and after	2,548,835	3,324,814	5,873,649
Totals	$2,906,641	$4,354,030	$7,260,671

c. Defeased Bonds

On January 20, 1987, the State issued $77.715 million in Series OO capital improvement bonds with an average interest rate of 5.635%. The purpose of this issue was to advance refund $65 million of outstanding Series O capital improvement bonds with an average interest rate of 8.662%. The State advance refunded the Series O bonds to reduce its total debt service payments over the next eleven years by $4.6 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $3.1 million. Capital improvement bonds are recorded in the General Long-Term Obligation Account Group.

During the fiscal year ended June 30, 1987, the Public Service Authority, an Enterprise Fund, issued $528 million of Electric System Expansion Bonds to advance refund $441 million of its Refunding Series Bonds. The average interest rate for the new bonds is approximately 6.9%. The average rate for the old bonds was approximately 9.6%. Although the advance refunding resulted in an accounting loss of approximately $81 million, the Authority was able to reduce its total debt service over the next thirty-six years by approximately $164 million and to obtain an economic gain of approximately $56 million.

At June 30, 1987, the following outstanding bonds (expressed in thousands) are considered defeased:

	Enterprise Funds	General Long-Term Obligation Account Group	Higher Education Funds
Capital improvement bonds		$115,000	
Public Service Authority bonds	$1,183,850		
Other		3,442	$42,736
Totals	$1,183,850	$118,442	$42,736

Since adequate funds have been placed with a trustee to pay fully the principal and interest of these bonds, the liabilities are not recorded in these financial statements.

d. No-Commitment Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds, therefore, do not appear as liabilities in these financial statements. These bonds provide low-cost capital financing for construction of private facilities deemed to be in the public interest. The State's no-commitment debt includes industrial development bonds, pollution control bonds, airport bonds, certain State Housing Authority Multi-Family Bonds issued since 1985, and debt issued by certain other State component units.

NOTE 12: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the year ended June 30, 1987, were:

	General Obligation Bonds/Notes	Compensated Absences	Capital Leases	Other Long-Term Obligations	Totals
Balances at July 1, 1986	$630,245			$14,955	$645,200
Debt issued	162,715				162,715
Initial recording of leases			$13,450		13,450
Initial recording of compensated absences		$82,019			82,019
Initial recording of other long-term obligations				4,789	4,789
Less: debt retired and defeased	(127,720)			(28)	(127,748)
Balances at June 30, 1987	$665,240	$82,019	$13,450	$19,716	$780,425

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

Short-term interfund receivables and payables for each individual fund at June 30, 1987, (expressed in thousands) were:

Fund Type/Fund	Due From	Due To
General:		
General Fund	$52,380	$31,940
Less: eliminations	(20,056)	(20,056)
Adjusted General Fund	32,324	11,884
Special Revenue:		
Departmental General Operating Fund	5,408	27,679
Education Improvement Act Fund	11,398	605
Repair, Maintenance, and Renovation Fund	4,441	426
Interfund Loan Sinking Fund	128	126
Hazardous Waste Contingency Fund	238	23
Highway Department Special Revenue Fund	22,744	91,666
Water Recreation Resources Fund	88	406
Employment Security Assessment Fund	21	2,209
Accommodations Tax Fund	1,417	1,285
Omnibus Crime Fund		1,086
Other Special Revenue Funds	181	249
Less: eliminations	(24,776)	(24,776)
Adjusted Special Revenue Funds	21,288	100,984
Capital Projects:		
Capital Projects Fund	63,116	11,281
Less: eliminations	(5,684)	(5,684)
Adjusted Capital Projects Fund	57,432	5,597
Enterprise:		
Housing Authority	1,227	30
Ports Authority	22	
Public Railways Commission		26
Patriots' Point Development Authority	112	19
Canteens Fund	177	27
Patients' Compensation Fund	506	11
Education Assistance Authority	25	
Research Authority	1,929	
Other Enterprise Funds	47	2
Less: eliminations	(50)	(50)
Adjusted Enterprise Funds	3,995	65
Internal Service:		
Insurance Reserve Fund	1,356	93
Health and Disability Insurance Fund	3,121	
Workers' Compensation Fund	7,348	803
State Employee Unemployment Compensation Fund	1	7,716
General Services Fund	2,293	635
Central Supplies and Equipment Fund	249	357
Information Resources Management Fund	2,168	338
Motor Pool Fund	807	309
Highway Department Internal Service Fund	4,313	599
Employee Benefits Administration	14	167
Prison Industries Fund	890	173
Other Internal Service Funds	7	97
Less: eliminations	(11,207)	(11,207)
Adjusted Internal Service Funds	11,360	80
Trust and Agency:		
Expendable Trust:		
Radioactive Waste Contingency Fund	1	
Unemployment Compensation Benefits Fund	2,014	21
Second Injury Fund		15
Defeasance Trust Fund	55	
Multi-Family Housing Fund	505	210
Other Expendable Trust Funds	1	81
Nonexpendable Trust Funds	3	
Pension Trust:		
South Carolina Retirement System	13,398	
Police Officers' Retirement System	1,396	
General Assembly Retirement System	5	
Judges' and Solicitors' Retirement System	45	
Agency Funds:		
Local Government Investment Pool		1
Federal Interfund Activity Fund	7,374	1,943
Payroll Clearing Fund	23,586	3,855
Public School Employee Fringe Benefits Fund		1,522
Other Agency Funds	7,029	70,281
Less: eliminations	(37,174)	(37,174)
Adjusted Trust and Agency Funds	18,238	40,755
Higher Education:		
Unrestricted Current Funds	18,645	6,247
Restricted Current Funds	3,077	5,331
Loan Funds	486	561
Endowment and Similar Funds	990	42
Unexpended Plant Funds	4,589	2,985
Renewal and Replacements Funds	831	
Retirement of Indebtedness Funds	4,952	3,099
Investment in Plant Funds		458
Agency Funds	144	263
Less: eliminations	(15,201)	(15,201)
Adjusted Higher Education Funds	18,513	3,785
Totals — all funds	$163,150	$163,150

NOTE 14: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reservations represent legally segregated fund equity and amounts that cannot be appropriated for future expenditure. Designations of unreserved fund equity reflect tentative plans for future use of available financial resources.

a. Reserves In The Higher Education Funds

Outside sources may restrict certain Higher Education Funds' resources. The financial statements present restricted fund balances as reserves. These reserves include reserves for endowments, grants refundable to the United States government, and higher education restricted funds.

b. General Fund Reserve

The South Carolina Constitution requires that the State maintain a reserve to prevent deficits in the Budgetary General Fund. The reserve is fully funded whenever it equals four percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year.

If the State withdraws funds from the reserve to cover a year-end deficit, it must replace the funds within three years. In each of the first two years following a withdrawal, the Constitution requires replacement of at least one percent of the Budgetary General Fund revenue (budgetary basis) of the latest completed fiscal year. In the third fiscal year following a withdrawal, the required replacement amount is two percent of the Budgetary General Fund revenue of the latest completed fiscal year.

At June 30, 1987, the reserve's balance was $75.4 million — $25 million less than full funding of $100.4 million. In July, 1987, however, the State added $25.09 million from 1987-88 resources to the reserve.

c. Reserve For Inventories

Under the purchases method of accounting for inventories, the Governmental Funds reserve a portion of fund balance equal to year-end inventory balances.

d. Reserves For Loans, Notes Receivable, and Advances to Other funds

Long-Term Loans, Notes Receivable, and Advances to Other Funds are assets that do not represent expendable available resources. The Governmental Funds, therefore, reserve a corresponding portion of fund balance.

e. Reserve For Appropriations To Be Carried Forward

The General Fund does not use encumbrance accounting. The Reserve for Appropriations to be Carried Forward, however, funds situations where the General Assembly has authorized Budgetary General Fund appropriations to be carried forward to the next fiscal year.

f. Reserve For School Building Aid Fund

General Fund appropriations for the School Building Aid Fund do not lapse at year-end. Such amounts are reserved for State school districts until approved for use.

g. Capital Expenditure Reserve

State law provides for a Capital Expenditure Reserve. Its purpose is to allow the State to accelerate the retirement of bonded indebtedness and/or to avoid issuing bonds for authorized projects. The Capital Expenditure Reserve had a zero balance at July 1, 1986. The 1986-87 Appropriation Act budgeted $27.7 million from resources of the Budgetary General Fund for the reserve. Mid-year appropriation cuts by the Budget and Control Board, however, reduced its funding to zero. A year-end transfer of $1.5 million from the Budgetary General Fund brought the reserve's ending balance to $1.5 million.

h. Reserve For Encumbrances

Although not required by State law, some component units use encumbrance accounting. These component units record a reserve for encumbrances.

i. Designation For Quasi-Endowments

This designation includes resources that the State's higher education institutions intend to use for endowments in future years.

NOTE 15: RELATED ORGANIZATIONS

The audited financial statements of several State agencies and component units exclude certain related foundations and other organizations but disclose them as related parties. The State's financial statements also exclude these organizations.

The most significant of these organizations include: the Carolina Research and Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Carolina Piedmont Foundation, Inc.; the Clemson University Foundation; the Clemson Alumni Association; the Founders of Strom Thurmond Center, Inc.; the Clinical Professional Staff of the Medical University of South Carolina; the Health Sciences Foundation of the Medical University of South Carolina; the Charleston Memorial Hospital; the Educational Television Endowment of South Carolina; the College of Charleston Foundation; the Lander Foundation; the Winthrop College Foundation; the Francis Marion College Foundation; the Citadel Development Foundation; the Association of Citadel Men; the Citadel's Brigadier Club; and the Friends of the State Museum.

The organizations related to higher education report total assets of approximately $133 million. During the fiscal year ended June 30, 1987, the State entered into various transactions with these organizations. Approximate amounts within the State's Higher Education Funds that represented transactions with these organizations include: receivable from foundations — $271 thousand, donations of cash and other assets from foundations — $2.1 million, expenditures (rental of foundation-owned property) — $413 thousand, and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations — $7 million.

During the fiscal year ended June 30, 1987, the Educational Television Endowment disbursed approximately $6.2 million on behalf of the State for programs, development, advertising, and other costs.

NOTE 16: SEGMENT INFORMATION — ENTERPRISE FUNDS

The State groups its Enterprise Funds into several segments. The Public Service Authority produces and sells electric power; it follows generally accepted accounting principles prescribed by the Federal Energy Regulatory Commission. The Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The Housing Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Education Assistance Authority (including both the State Education Assistance Authority and the South Carolina Student Loan Corporation) makes loans to needy students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts. The Other Enterprise Funds segment includes the Patients' Compensation Fund, the Public Railways Commission, the Patriots' Point Development Authority, the Canteens Fund, and Other Enterprise Funds.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Segment financial information (expressed in thousands) for the fiscal year ended June 30, 1987:

	Public Service Authority	Ports Authority	Housing Authority	Education Assistance Authority	Research Authority	Other	Elimi-nations	Totals
Operating revenues	$ 480,059	$ 35,906	$ 72,171	$ 6,906	$ 8,471	$ 14,531		$ 618,044
Depreciation and amortization expense	65,033	7,877	84		83	305		73,382
Operating income (loss)	138,990	3,896	7,323	(2,148)	417	(16,922)		131,556
Operating grant and entitlement revenues			10,623	5,276		84		15,983
Operating transfers:								
In			451	1,940	163	341		2,895
Out	2,003		410					2,413
Net income (loss)	38,287	3,877	7,387	4,624	391	(15,752)		38,814
Current capital contributions		16				225		241
Property, plant, and equipment:								
Additions	46,978	11,659	48	74	5,472	1,997		66,228
Retirements	2,097	3,324	31	34	10	149		5,645
Net working capital	39,236	7,175	45,963	33,268	2,450	(21,191)		106,901
Total assets	2,654,490	188,200	706,605	118,631	13,890	56,992	$(50)	3,738,758
Bonds and other long-term liabilities payable from operating revenues	2,136,272	9,873	584,686	90,168	1,101	23,791		2,845,891
Total fund equity	426,475	172,470	60,867	25,697	9,592	8,922		704,023

NOTE 17: CONTINGENCIES

a. Litigation

Included in the State's litigation is a claim filed by the Catawba Indian Nation that seeks recovery of approximately 144,000 acres of land in two of the State's counties. In the early eighteenth and nineteenth centuries, the State purchased this land from the Catawba Indian Nation. The State then sold the land to private citizens. Because the State was a participant in acquiring the land, the State will participate in any unfavorable outcomes. Some similar cases have been settled through Federal legislation which provided for funding to be shared in part by both the Federal and state governments. This case has been pending in the courts for several years and is expected to take several more years to resolve.

The State also is involved in several other significant legal proceedings:

The State is subject to an ongoing injunctive order that since January 8, 1985, has required implementation of improvements in its correctional facilities and services. The State must provide specific services for its inmate population and must make certain capital expenditures. Expenditures continue to be incurred as a result of corrective actions taken in response to the injunction.

The State presently is involved in a matter pending before the Federal courts concerning the operation of a school district. Injunctive relief granted against the State could result in the State being required to provide specific services and make certain capital expenditures. Any such expenditures would probably occur over several fiscal years.

The State is involved in matters where the payment of taxes is in dispute. The Federal government seeks to recover sales taxes paid on purchases of tangible personal property from South Carolina retailers. The case is pending in the United States District Court.

Several insurance companies also have filed claims against the State as a result of premium tax legislation passed in 1986. The suits contend that the method of tax collection is statutorily unauthorized and constitutionally impermissible. The claimants have paid the taxes under protest and are now seeking refunds.

It is presently not possible for the Attorney General's Office to determine the outcome of these cases. Should all of these cases have unfavorable outcomes, the State could incur losses up to approximately $225 million.

The State is involved in other legal proceedings relating to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving the legality of certain taxes assessed by the State, claims asserted against the State arising from alleged torts, and possible violations of State and Federal laws. Unfavorable outcomes in these matters could result in the State incurring losses. These losses, however, are not expected to have a material, adverse impact on the financial position of the funds involved.

b. Loan Guarantees

The State Education Assistance Authority (SEAA) within the State's Enterprise Funds guarantees student loans. At June 30, 1987, these loans totaled $30.7 million. The United States Department of Education (DOE) ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5% of the loans in repayment status, however, the DOE decreases the reinsurance rate. The default rate at June 30, 1987, was less than 2%. The probability that the SEAA would incur a loss on its guarantees, therefore, is remote.

c. Federal Grants

The State receives significant Federal grant and entitlement revenues. Compliance audits of Federal programs may identify disallowed expenditures. The Federal government could request the State to repay such disallowed amounts. Based on an analysis of historical data, however, the State believes that any such reimbursements relating to the fiscal year ended June 30, 1987, or earlier years will not be material.

NOTE 18: SUBSEQUENT EVENTS

Since July 1, 1987, the State has issued the following bonds and notes (expressed in thousands):

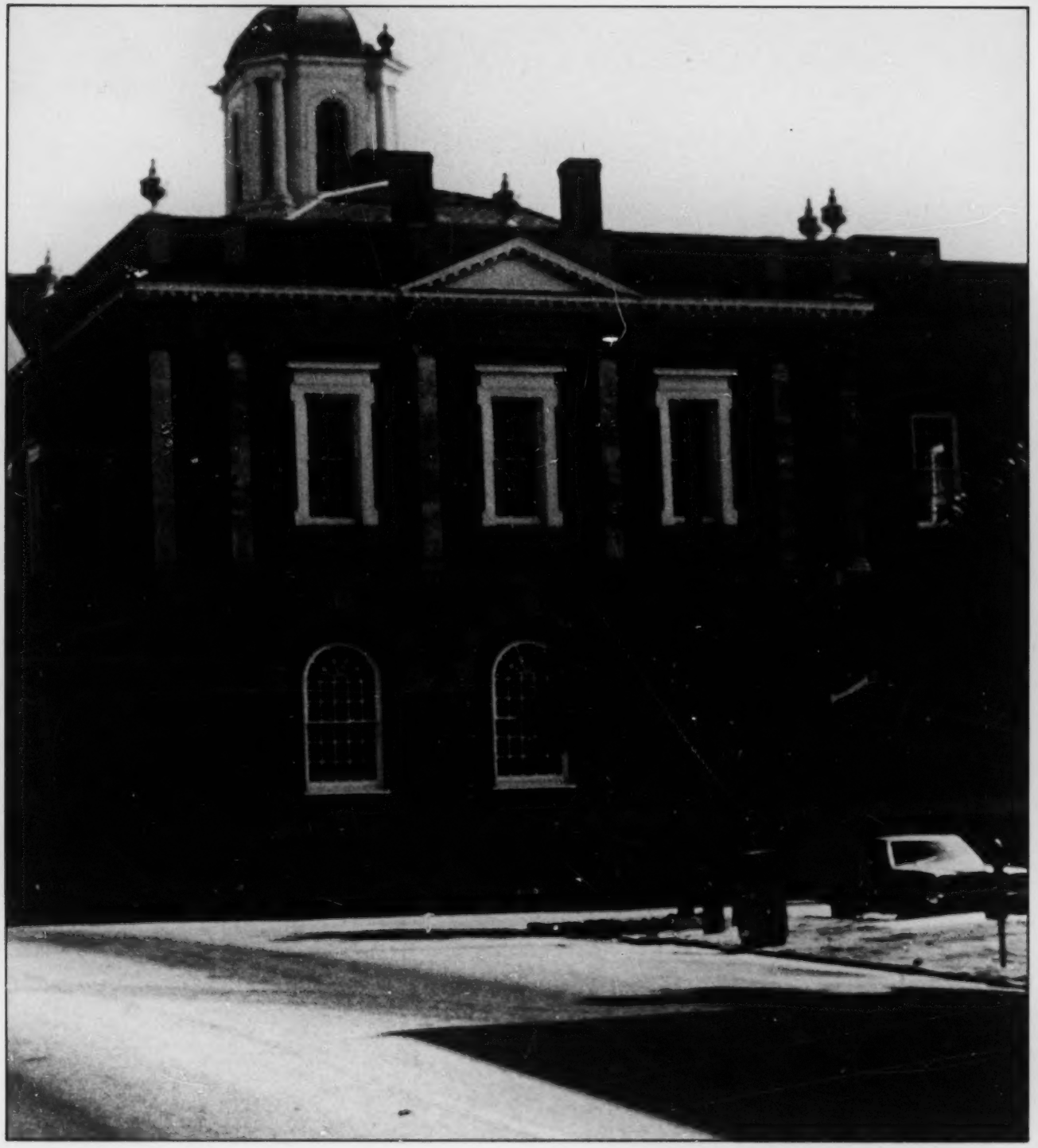
General Obligation Bonds and Notes:	
Institution Bond Anticipation Notes...	$ 650
Revenue Bonds and Notes:	
Education Assistance Authority Bonds	41,000
State Housing Authority Bonds.....	25,000
Various higher education bonds.....	7,200

NOTE 19: DEFICIT EQUITY BALANCES

Three individual funds had deficit equity balances at June 30, 1987. All three funds conduct risk management activities. The State has recorded liabilities both for claims known but not paid and for claims incurred but not reported at June 30 in these funds. The deficits arose because the State funds these activities on a pay-as-you-go basis — not on an actuarial basis. Individual funds with deficit equity balances at June 30, 1987 (expressed in thousands), were:

Fund Type/Fund	Amount of Deficit
Enterprise Funds	
Patients' Compensation Fund.....	$3,977
Internal Service Funds	
Workers' Compensation Fund.....	9,240
Health and Disability Insurance Fund.	7,878

COMBINING FINANCIAL STATEMENTS



City Hall, Charleston. — In 1788, this was the site of the Beef Market, which burned in 1796. The present building, erected in 1800-01, has associations with several Ratification Convention delegates, including Gabriel Manigault (St. James, Goose Creek, voted aye), who is believed to have been the architect. The building was built for the Charleston Branch of the Bank of the United States and in 1818 became the City Hall. The City of Charleston was chartered in 1783. The first Intendant (Mayor) was Richard Hutson (St. Andrew's Parish, voted aye). Others included Daniel Stevens (St. Philip and St. Michael), Arnoldus Vanderhorst (Christ Church, voted aye), and John Huger (St. Thomas and St. Dennis, voted aye). Peter Smith (St. James, Goose Creek, voted aye) was Intendant pro tempore. The City Council Chamber contains portraits of several Convention delegates including Gen. William Moultrie (St. John's, Berkeley, voted aye). Adjacent to City Hall is Washington Square, named for the first President. In the center of the park is the monument to the Washington Light Infantry, a battalion named for the President's cousin, Col. William Washington (St. Paul's, voted aye).

SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes. The State uses the following Special Revenue Funds:

Departmental General Operating Fund. This fund accounts for resources that are part of a particular State component unit's or agency's General Fund but are not part of the State's General Fund. These resources include significant amounts of Federal funds.

Education Improvement Act Fund. This fund accounts for the special additional one-percent sales tax levied to be used exclusively for improvements in elementary and secondary school education.

Repair, Maintenance, and Renovation Fund. This fund accounts for State bond proceeds and other permanent improvement project resources to be expended for approved repair, maintenance, renovation, and alteration projects.

Interfund Loan Sinking Fund. This fund accounts for repayments made on certain advances from other funds. These advances have usually been used for the construction of office buildings.

Hazardous Waste Contingency Fund. This fund accounts for fees collected from generators of hazardous wastes and from owners and operators of hazardous waste storage facilities. These fees must be used to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Highway Department Special Revenue Fund. This fund accounts for the various gasoline taxes, fees, fines, and Federal grant resources used by the Department of Highways and Public Transportation to fund its general operations. These operations include highway maintenance and repair, highway safety and law enforcement, and licensing/registration of drivers and vehicles.

Water Recreation Resources Fund. The revenues in this fund come from watercraft gasoline taxes. These revenues must be used for water recreational resources and are allocated to counties for this purpose.

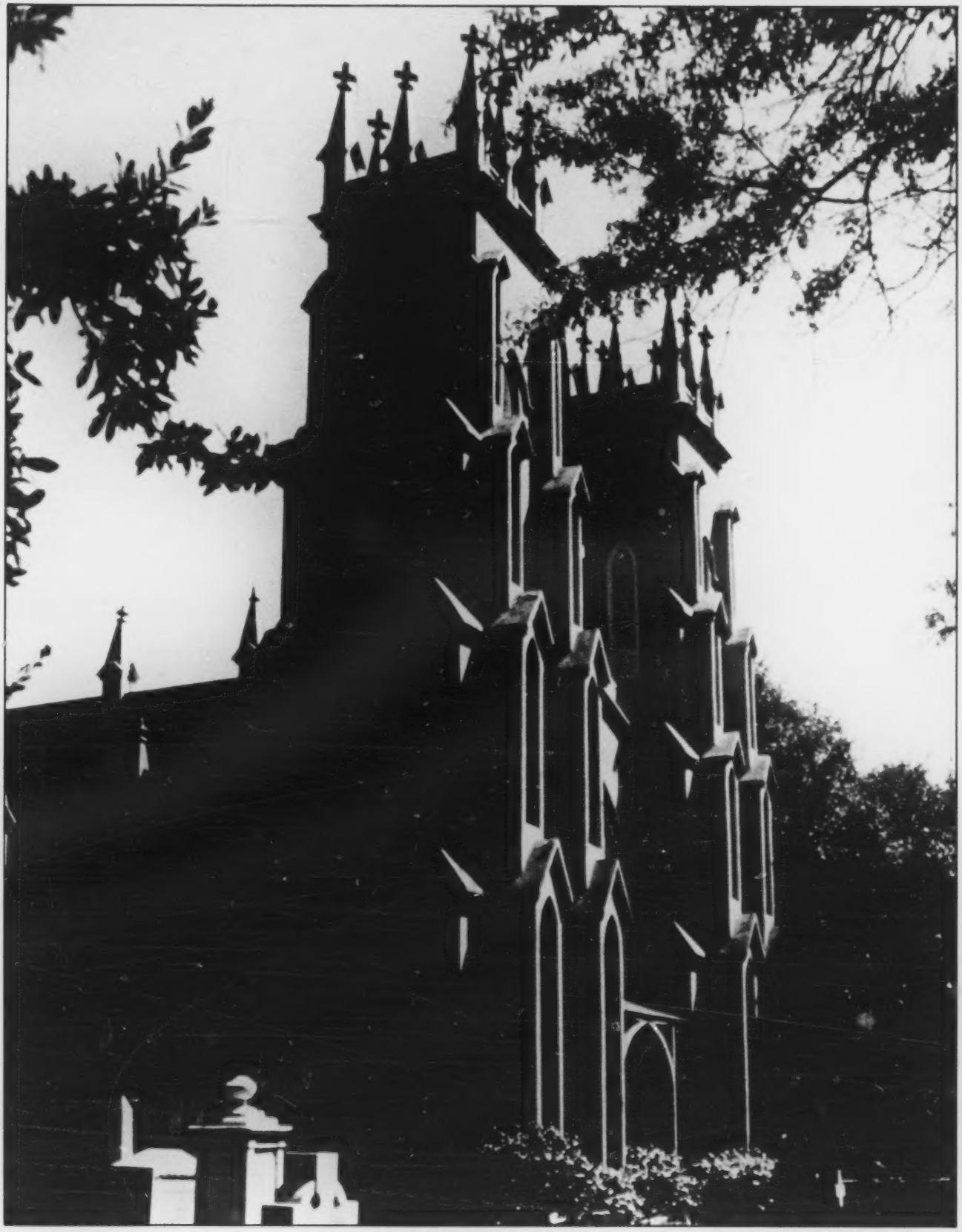
Employment Security Assessment Fund. This fund accounts for assessments made on employers to cover the administrative costs of the Employment Security Commission. These revenues must be used by the Employment Security Commission in assisting with reemployment, supplementing basic employment services, and providing employment services.

Accommodations Tax Fund. This fund accounts for a special additional two-percent sales tax on the gross proceeds on the rental of transient accommodations. These revenues are allocated to counties in accordance with State law. State law also specifies how the counties must use these allocations.

Energy Settlement Fund. Revenues received from court-ordered settlements resulting from oil overcharges by various oil companies are accounted for in this fund. These resources must be used for energy-related programs designed to benefit all categories of the State's petroleum product consumers.

Omnibus Crime Fund. This fund accounts for court fees remitted to the State by local court systems. These fees must be used for certain programs administered by the Department of Parole and Community Corrections.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues which must be used for specific purposes. These include operations of various agricultural boards, forest renewal programs, and medical and dental scholarships.



Trinity Church, Columbia. — Wade Hampton (Saxe-Gotha, voted no), a communicant here, is buried in the churchyard. The parish was organized in 1812; the present church was built in 1845-46.

State of South Carolina

COMBINING BALANCE SHEET — SPECIAL REVENUE FUNDS

June 30, 1987

(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Interfund Loan Sinking	Hazardous Waste Contingency	Highway Department Special Revenue	Water Recreation Resources	Employment Security Assessment	Accommodations Tax	Energy Settlement	Omnibus Crime	Other Special Revenue	Eliminations	Totals
ASSETS														
Investments	$ 61,983	$11,755		$385	$5,994	$247,202	$3,825	$4,689	$ 4,919	$33,728	$8,078	$4,769		$387,327
Receivables (net):														
Accounts	25,411	489				2,763				377		32		29,072
Taxes	27	25,925				24,607	74	1,302	6,373					58,308
Loans and notes												2,965		2,965
Due from Federal government and other grantors	91,375											234		91,609
Due from other funds	5,408	11,398	$4,441	128	238	22,744	88	21	1,417			181	$(24,776)	21,288
Advances to other funds												800	(9)	791
Inventories	4,388					10,067						16		14,471
Other assets						608								608
Total assets	$188,592	$49,567	$4,441	$513	$6,232	$307,991	$3,987	$6,012	$12,709	$34,105	$8,078	$8,997	$(24,785)	$606,439
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable and accrued liabilities	$ 64,293	$ 422	$ 505			$ 39,177	$ 20	$ 131			$ 294	$ 74		$104,916
Tax refunds payable		19				116								135
Intergovernmental payables	30,379	1,258					53		$10,703	$ 43		6		42,442
Due to other funds	27,679	605	426	$126	$ 23	91,666	406	2,209	1,285		1,086	249	$(24,776)	100,984
Advances from other funds	129	4		9								11	(9)	144
Deferred revenues and deferred credits	23,777	959				323	1	90	683					25,833
Other liabilities	31		42			12,521								12,594
Total liabilities	146,288	3,267	973	135	23	143,803	480	2,430	12,671	43	1,380	340	(24,785)	287,048
Fund balances:														
Reserved for:														
Inventories	4,388					10,067						16		14,471
Advances to other funds												800	(9)	791
Long-term loans and notes receivable												2,861		2,861
Other special purposes						1,100								1,100
Unreserved:														
Designated for special purposes						60,556								60,556
Undesignated	37,916	46,300	3,468	378	6,209	92,465	3,507	3,582	38	34,062	6,698	4,980	9	239,612
Total fund balances	42,304	46,300	3,468	378	6,209	164,188	3,507	3,582	38	34,062	6,698	8,657	0	319,391
Total liabilities and fund balances	$188,592	$49,567	$4,441	$513	$6,232	$307,991	$3,987	$6,012	$12,709	$34,105	$8,078	$8,997	$(24,785)	$606,439

State of South Carolina

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1987

(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance and Renovation	Interfund Loan Sinking	Hazardous Waste Contingency	Highway Department Special Revenue	Water Recreation Resources	Employment Security Assessment	Accommodations Tax	Energy Settlement	Omnibus Crime	Other Special Revenue	Totals
Revenues:													
Taxes	$ 3,443	$260,456	$ 60			$304,802	$ 801	$7,518	$17,300			$ 318	$ 594,698
Licenses, fees, and permits	11,876		25		$2,412							2,023	16,336
Interest and other investment income	138	2,744		$1,214	303					$ 2,939		261	7,599
Federal	1,125,849		205			2,365						407	1,128,826
Departmental services	87,625		535	2,291								134	90,585
Contributions	4,787												4,787
Other	35,465		7,201	5	110	11,063			211	10,530	$4,821	588	69,994
Total revenues	1,269,183	263,200	8,026	3,510	2,825	318,230	801	7,518	17,511	13,469	4,821	3,731	1,912,825
Expenditures:													
Current:													
General governmental	10,439	77	1,352	20				4,111		111	562	1,133	17,805
Education	70,305	6,696	724										77,725
Individual and family services	869,199	914	2,957		1,447							360	874,877
Administration of justice	9,541	569	3,019								2,132	147	15,408
Resources and economic development	33,152		776				260			90		749	35,027
Transportation	215		76			205,149							205,440
Miscellaneous													
Capital outlays	2,657												2,657
Debt service:													
Principal retirement	1,951			1,001		2							2,954
Interest and fiscal charges	69			2,411					7,361				9,841
Intergovernmental	267,087	231,677					277		10,704	4,867		357	514,969
Total expenditures	1,264,615	239,933	8,904	3,432	1,447	205,151	537	4,111	18,065	5,068	2,694	2,746	1,756,703
Revenues over (under) expenditures	4,568	23,267	(878)	78	1,378	113,079	264	3,407	(554)	8,401	2,127	985	156,122
Other financing sources (uses):													
Proceeds from bonds and notes	2,587												2,587
Lease and installment debt proceeds	2,657												2,657
Operating transfers in	3,094					1,256							4,350
Operating transfers out	(7,227)	(1,940)				(70,737)							(79,904)
Total other financing sources (uses)	1,111	(1,940)	0	0	0	(69,481)	0	0	0	0	0	0	(70,310)
Revenues and other sources over (under) expenditures and other uses	5,679	21,327	(878)	78	1,378	43,598	264	3,407	(554)	8,401	2,127	985	85,812
Fund balances, July 1, 1986, (restated)	36,625	24,973	4,346	300	4,831	120,590	3,243	175	592	25,661	4,571	7,672	233,579
Fund balances, June 30, 1987	$ 42,304	$ 46,300	$3,468	$ 378	$6,209	$164,188	$3,507	$3,582	$ 38	$34,062	$6,698	$8,657	$ 319,391

ENTERPRISE FUNDS

Enterprise Funds account for business-like State activities that provide goods and/or services to the public. These funds are financed primarily through user charges. The State maintains the following Enterprise Funds:

Public Service Authority. The Public Service Authority produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments.

Housing Authority. The State Housing Authority facilitates medium-income and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers Federal grants and contracts. The Authority is supported primarily by mortgage interest.

Ports Authority. The Ports Authority develops and maintains State-owned harbors and seaports. It handles the commerce through these harbors and is responsible for the operation of six ocean terminals. The Authority operates on fees charged to users of the facilities and services of the Ports Authority.

Public Railways Commission. The Public Railways Commission owns and operates railroad lines, yards, and switching activities near or around certain State ports. The Commission's operations are financed by user charges and leasing fees.

Patriots' Point Development Authority. The Patriots' Point Development Authority is responsible for developing and operating the Patriots' Point area near Charleston, including a Naval Museum. The Authority is supported by user fees and some State appropriations.

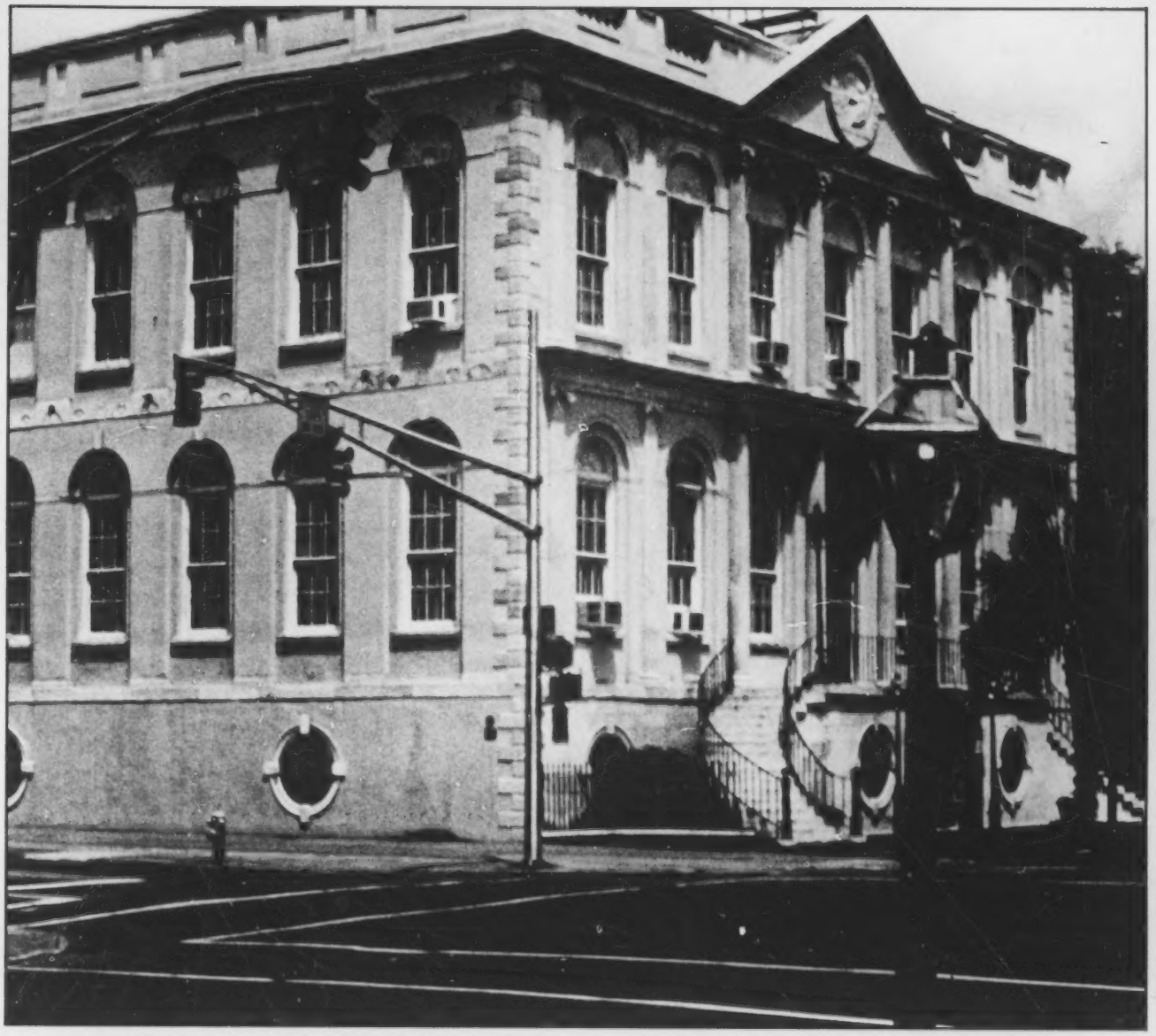
Canteens Fund. This fund accounts for certain self-supporting canteen operations at State institutions. These canteens serve the institutions' inmates, patients, and visitors.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State.

Education Assistance Authority. This fund includes the operations of the State Education Assistance Authority and the South Carolina Student Loan Corporation. The Authority issues bonds and makes loans to students of the State to enable them to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, investment earnings, and some State appropriations.

Research Authority. The South Carolina Research Authority is developing and marketing a system of research parks as well as developing and managing research and development contracts. The Authority's purpose is to foster research capabilities in the State's public and private universities.

Other Enterprise Funds. Other enterprise activities of the State include operation of the Carolina Cup Racing Association, Inc., and operation of certain programs of the Jobs Economic Development Authority.



Exchange Building, Charleston. — Built in 1767-71 as the colonial Exchange and Custom House, this imposing building had witnessed many events crucial to the winning of American independence, and in 1783 had become Charleston's City Hall. During May 12-23, 1788, it was the meeting place of the South Carolina Convention, called to consider ratification of the United States Constitution. It must have been a poignant occasion for several Convention delegates, including Christopher Gadsden, Dr. John Budd, Daniel Stevens (all members of the city parishes' delegation, which voted unanimously for ratification) and Col. William Thomson (St. Matthew's Parish, voted aye). Eight years previously, following the fall of Charleston, they had been imprisoned by the British in the Provost Dungeon, in the basement of this building. The Convention met in the great hall on the second floor, the appearance of which has been reconstructed. Three years after the Convention ratified the Constitution, Federalist Charleston played host to George Washington, the first President elected under the new Constitution, with a splendid "dancing assembly" in the great hall.

State of South Carolina

COMBINING BALANCE SHEET — ENTERPRISE FUNDS

June 30, 1987

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission	Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Eliminations	Totals
ASSETS												
Current assets:												
Cash on deposit with fiscal agents	$ 3,149	$ 17,375						$ 1,065				$ 21,589
Investments, cost or amortized cost	31,626	80,367	$ 3,712		$ 502			32,536		$ 8		148,751
Receivables (net):												
Accounts	57,860	6,592	6,881	$ 467	73		$ 115	1,282	$ 89	12		73,371
Patient and student								127				127
Due from Federal government and other grantors								991	3,629	5		4,625
Due from other funds		1,227	22		112	$ 177	506	25	1,929	47	$(50)	3,995
Inventories	35,904		743	265	46	602						37,560
Other current assets	2,440	54	1,674	128	15			8		8		4,327
Deferred debits		1,400										1,400
Total current assets	130,979	107,015	13,032	860	748	779	621	36,034	5,647	80	(50)	295,745
Long-term and restricted assets:												
Investments, cost or amortized cost		47,010		3,045		1,187	17,279			147		68,668
Receivables (net):												
Student loans								82,342				82,342
Loans and notes		552,271										552,271
Restricted assets	345,828		16,496	114	18,868							381,306
Deferred debits	449,456		121									449,577
Total long-term and restricted assets	795,284	599,281	16,617	3,159	18,868	1,187	17,279	82,342	0	147	0	1,534,164
Property, plant, and equipment:												
Land and improvements			74,872	4,993	2,917				8,032			90,814
Buildings and improvements			122,893	771	394					541		124,599
Utility plant	2,070,620											2,070,620
Machinery, equipment, and other	379	402	18,500	34	5,266	409	4	363	310	27		25,694
Construction in progress	72,415		7,113		1,244					5		80,777
Less: accumulated depreciation	(415,187)	(93)	(64,827)	(1,004)	(2,103)	(212)	(1)	(108)	(99)	(21)		(483,655)
Total property, plant, and equipment	1,728,227	309	158,551	4,794	7,718	197	3	255	8,243	552	0	1,908,849
Total assets	$2,654,490	$706,605	$188,200	$ 8,813	$27,334	$2,163	$17,903	$118,631	$13,890	$779	$(50)	$3,738,758

LIABILITIES AND FUND EQUITY												
Liabilities:												
Current liabilities:												
Accounts payable and accrued liabilities	$ 28,695	$ 27,704	$ 4,691	$ 262	$ 954	$ 399	$14,304	$ 2,132	$ 2,927	$ 9		$ 82,077
Intergovernmental payables								224				224
Insurance claims incurred but not reported							5,384					5,384
Due to other funds		30		26	19	27	11			2	$(50)	65
Deferred revenues and deferred credits				30			2,171		88	59		2,348
Deposits	4,690											4,690
Liabilities payable from restricted assets				233								233
Notes payable					43							43
Revenue bonds payable		30,425	780									31,205
Capital lease and installment debt obligations payable			192						182			374
Compensated absences payable				130	75	43	10			11		269
Other current liabilities	58,358	2,893	194	77				410				61,932
Total current liabilities	91,743	61,052	5,857	758	1,091	469	21,880	2,766	3,197	81	(50)	188,844
Long-term liabilities:												
Accrued liabilities	71,113											71,113
Advances from other funds					2,330							2,330
Deferred revenues and deferred credits	16,344			1,878								18,222
Deferred compensation									100			100
Notes payable					114							114
Revenue bonds payable	1,970,834	584,686	9,730		19,343			82,760				2,667,353
Capital lease and installment debt obligations payable	71,755		143									71,898
Other long-term liabilities	6,226			6				7,408	1,001	120		14,761
Total long-term liabilities	2,136,272	584,686	9,873	1,884	21,787	0	0	90,168	1,101	120	0	2,845,891
Total liabilities	2,228,015	645,738	15,730	2,642	22,878	469	21,880	92,934	4,298	201	(50)	3,034,735
Fund Equity:												
Contributed capital	34,438		137,397	4,124	4,409	6						180,374
Retained earnings:												
Reserved for special purposes										83		83
Designated for special purposes										381		381
Unreserved, undesignated	392,037	60,867	35,073	2,047	47	1,688	(3,977)	25,697	9,592	114		523,185
Total fund equity	426,475	60,867	172,470	6,171	4,456	1,694	(3,977)	25,697	9,592	578	0	704,023
Total liabilities and fund equity	$2,654,490	$706,605	$188,200	$8,813	$27,334	$2,163	$17,903	$118,631	$13,890	$779	$(50)	$3,738,758

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY — ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission	Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Totals
Operating revenues:											
Charges for services	$ 480,059	$ 2,953	$ 35,906	$1,525	$2,643	$5,810		$ 1,299	$8,222	$496	$ 538,913
Contributions									145	77	222
Interest and other investment income		69,218					$ 1,057	5,607	104	8	75,994
Other operating revenues							2,915				2,915
Total operating revenues	480,059	72,171	35,906	1,525	2,643	5,810	3,972	6,906	8,471	581	618,044
Operating expenses:											
General operations and administration	273,646	1,885	24,133	2,088	2,335	5,135	135	2,089	7,713	368	319,527
Benefits and claims							20,617				20,617
Interest		60,505			140			6,965	71	12	67,693
Depreciation and amortization	65,033	84	7,877		241	45			83	19	73,382
Other operating expenses	2,390	2,374			106	11	6		187	195	5,269
Total operating expenses	341,069	64,848	32,010	2,088	2,822	5,191	20,758	9,054	8,054	594	486,488
Operating income (loss)	138,990	7,323	3,896	(563)	(179)	619	(16,786)	(2,148)	417	(13)	131,556
Nonoperating revenues	54,383	10,647	986	702	(4)	73	118	5,267		84	72,256
Nonoperating expenses	(153,083)	(10,624)	(1,005)	(117)				(435)	(189)	(27)	(165,480)
Income (loss) before operating transfers	40,290	7,346	3,877	22	(183)	692	(16,668)	2,684	228	44	38,332
Operating transfers in		451			225			1,940	163	116	2,895
Operating transfers out	(2,003)	(410)									(2,413)
Net income (loss)	38,287	7,387	3,877	22	42	692	(16,668)	4,624	391	160	38,814
Retained earnings, July 1, 1986 (restated)	353,750	53,480	31,196	2,025	5	996	12,691	21,073	9,201	418	484,835
Retained earnings, June 30, 1987	392,037	60,867	35,073	2,047	47	1,688	(3,977)	25,697	9,592	578	523,649
Contributed capital, July 1, 1986 (restated)	34,438		137,641	3,905	4,409						180,393
Additions to contributed capital			16	219		6					241
Deductions to contributed capital			(260)								(260)
Fund equity, June 30, 1987	$ 426,475	$ 60,867	$172,470	$6,171	$4,456	$1,694	$ (3,977)	$25,697	$9,592	$578	$ 704,023

Nathaniel Russell House, Charleston. — Russell (St. Philip and St. Michael), a merchant originally from Rhode Island, was suspected of Toryism but became prominent in local politics after the Revolution. He built this fine Adamesque mansion in 1808-11.

State of South Carolina

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION — ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission	Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina-tions	Totals
Sources of working capital:												
Operations:												
Net income (loss)	$ 38,287	$ 7,387	$ 3,877	$ 22	$ 42	$ 692	$(16,668)	$ 4,624	$ 391	$ 160		$ 38,814
Items not requiring (providing) working capital:												
Depreciation and amortization	67,441	31	7,952	106	241	45		36	83	19		75,954
Recognition of deferred income				(11)								(11)
Amortization of loss on reacquired debt	4,061											4,061
Cost to be recovered form future revenues	(28,921)											(28,921)
Loss on disposition of property and equipment			684	5	4			9	270			972
Total sources (uses) from operations	80,868	7,418	12,513	122	287	737	(16,668)	4,669	744	179	0	90,869
Decrease in long-term investments		588						39,382				39,970
Decrease in student loans receivable, net								6,543				6,543
Decrease in loans and notes receivable, net		47,630										47,630
Decrease in restricted assets			1,605									1,605
Increase in accrued liabilities	71,113											71,113
Increase in deferred revenues and deferred credits	16,344			1,846								18,190
Increase in deferred compensation									100			100
Increase in other noncurrent liabilities								2,656	1,000	100		3,756
Proceeds from bond issuances	528,290				19,343							547,633
Proceeds on disposal of property and equipment			144						45			189
Additions to contributed capital			16	219								235
Total sources (uses) of working capital	696,615	55,636	14,278	2,187	19,630	737	(16,668)	53,250	1,889	279	0	827,833
Uses of working capital:												
Increase in long-term investments				3,045		1,188	17,278			147		21,658
Increase in restricted assets	10,464			31	18,854							29,349
Increase in deferred debits	79,141		121									79,262
Decrease in advances from other funds					116							116
Decrease in deferred revenues and deferred credits					38							38
Reduction of notes payable					43							43
Reductions of revenue bonds payable	477,299	95,425	780					20,650				594,154
Reductions of lease and installment debt obligations—long-term	2,783		134									2,917
Decrease in other noncurrent liabilities	91,259			1,915								93,174
Acquisition of property and equipment	46,978	47	11,659	3	1,266	83	4	74	756	548		61,418
Transfers of contributed capital			260									260
Total uses of working capital	707,924	95,472	12,954	4,994	20,317	1,271	17,282	20,724	756	695	0	882,389
Net increase (decrease) in working capital	$ (11,309)	$(39,836)	$ 1,324	$(2,807)	$ (687)	$ (534)	$(33,950)	$32,526	$1,133	$(416)	$ 0	$ (54,556)

Components of net increase (decrease) in working capital:												
Cash		$ (2,292)	$ (241)	$(2,734)	$ (306)	$(313)	$(12,701)	$ (55)	$ (54)	$(362)		$(19,058)
Cash and deposits held by others	$ (29,976)	(31,625)						797				(60,804)
Investments, cost of amortized costs	31,626	2,535	17		299			32,536	(1,261)	(7)		65,745
Accounts receivable, net	4,210	(1,823)	1,645	(91)	19		115	(449)	88	(56)		3,658
Patient and student receivables								127				127
Due from Federal government and other grantors								(426)	3,629	5		3,208
Due from other funds		1,227	22		112	176	506	25	1,929	47	$(50)	3,994
Inventories	(11,107)		(62)	(19)	12	(133)						(11,309)
Other current assests	416	(257)	805	89	1			7		5		1,066
Deferred debits		(53)										(53)
Accounts payable and accrued liabilities	(5,876)	4,336	(1,541)	44	(749)	(194)	(14,295)	598	(2,927)	23		(20,581)
Intergovernmental payables								(224)				(224)
Insurance claims incurred but not reported							(5,384)					(5,384)
Due to other funds		(30)		(26)	(19)	(27)	(10)			(2)	50	(64)
Deferred revenues and deferred credits				(30)			(2,171)		(88)	(58)		(2,347)
Deposits	(4,690)											(4,690)
Liabilities payable from restricted assets			1,846	69								1,915
Notes payable					19							19
Revenue bonds payable		(11,893)	(780)									(12,673)
Lease and installment debt obligations—current			(192)						(183)			(375)
Compensated absences payable				(130)	(75)	(43)	(10)			(11)		(269)
Other current liabilities	4,088	39	(195)	21				(410)				3,543
Net increase (decrease) in working capital	$ (11,309)	$(39,836)	$ 1,324	$(2,807)	$ (687)	$(534)	$(33,950)	$32,526	$1,133	$(416)	$ 0	$(54,556)

INTERNAL SERVICE FUNDS

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-reimbursement basis. The State uses the following Internal Service Funds:

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. The Fund's customers are limited by law to certain governmental persons/entities within the State and certain associated parties.

Health and Disability Insurance Fund. This is a risk management fund which underwrites the group health, dental, and related benefits provided to State and public school employees and retirees.

Workers' Compensation Fund. This is a risk management fund which provides workers' compensation benefits to State employees. Premiums are collected from State agencies.

State Employee Unemployment Compensation Fund. This is a risk management fund that provides unemployment benefits to prior State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include rental of office buildings, janitorial services, building maintenance, and procurement services.

Central Supplies and Equipment Fund. This fund sells office supplies and equipment, food, and paper products to other governmental units. It also stores food and paper products for State agencies.

Information Resources Management Fund. This fund provides telecommunication services and equipment, computer services, information technology planning and assistance in equipment and system selections, and printing services to governmental entities.

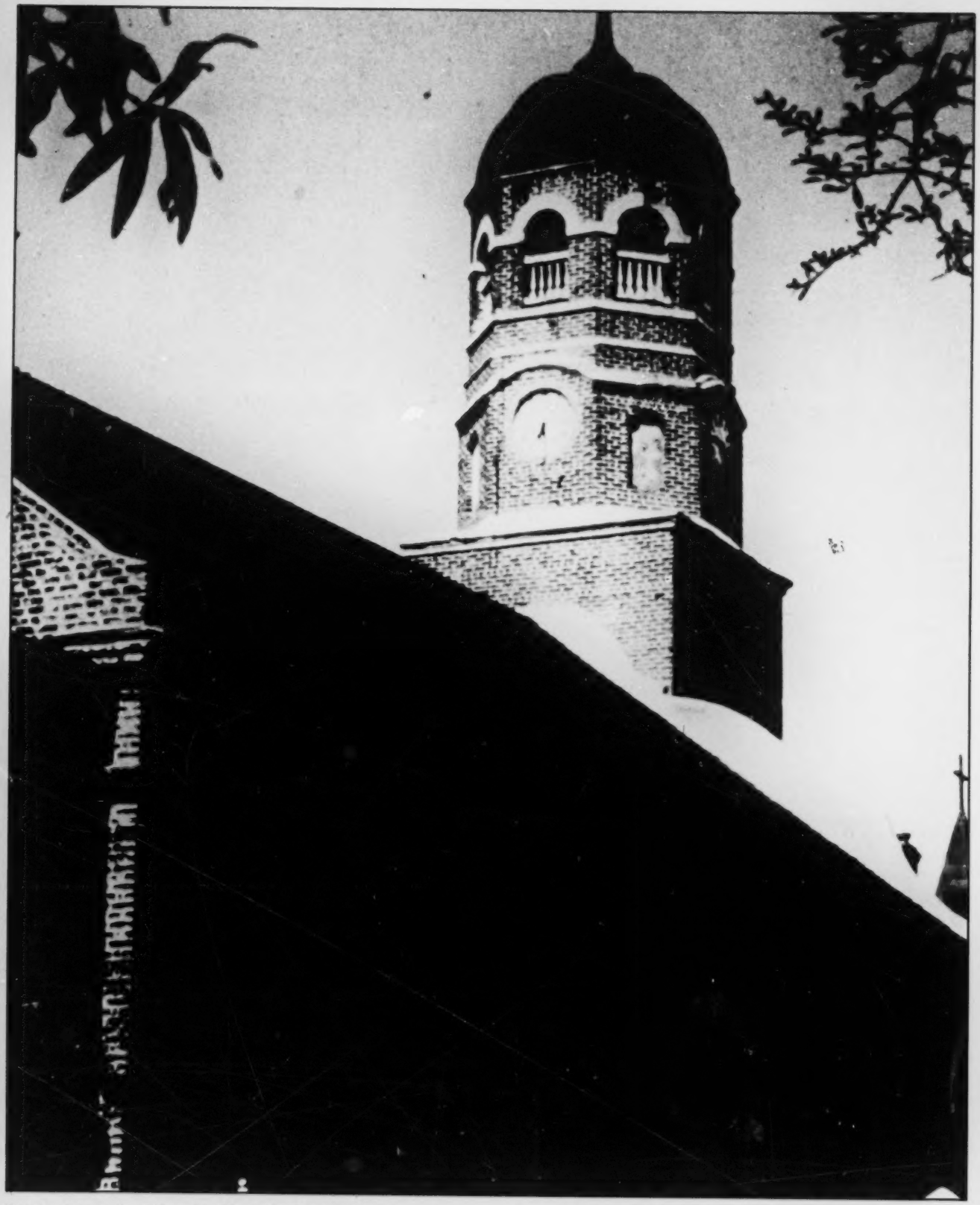
Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Highway Department Internal Service Fund. This fund accounts for various service activities of the Department of Highways and Public Transportation. The fund provides data processing and printing services, equipment rentals, and office and engineering supplies to other divisions and county offices of the Department.

Employee Benefits Administration Fund. This fund administers the public employee retirement systems and the health and dental insurance plans maintained by the State. Revenues of the fund consist of assessments charged to the four Pension Trust Funds and to the Health and Disability Insurance Fund.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Internal Service Funds. Such activities include provision of training programs for State employees and work activity centers of the Department of Vocational Rehabilitation.



Prince George's, Winyah, Church, Georgetown. — The delegates from Prince George's, Winyah, Parish — Thomas Waties, Samuel Smith, Cleland Kinloch and William Alston — all voted for Ratification, reflecting the Federalism of the Lowcountry planter class in 1788. The parish was created in 1721, and the present church was built in 1737-50. Georgetown was laid out in 1729.

COMBINING BALANCE SHEET — INTERNAL SERVICE FUNDS

June 30, 1987
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment	Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Administration	Prison Industries	Other Internal Service	Eliminations	Totals
ASSETS														
Current assets:														
Investments		$19,947			$ 3,630	$1,082	$ 1,480	$ 1,863		$ 599	$ 764			$ 29,385
Receivables (net):														
Accounts	$ 6,763	317	$ 733		76	62	12				198	$ 1		8,162
Loans and notes	4													4
Due from Federal government and other grantors					47									47
Due from other funds	1,356	3,121	7,348	$ 1	2,293	249	2,168	807	$ 4,313	14	890	7	$(11,207)	11,360
Inventories					170	4,524	378	8			1,072			6,152
Other current assets	4,972													4,972
Total current assets	13,095	23,385	8,081	1	6,216	5,917	4,038	2,698	4,313	613	2,924	8	(11,207)	60,082
Long-term assets:														
Long-term investments	107,223		6,628	9,715								3,307		126,873
Loans and notes receivable, net	41													41
Advances to other funds	31,937				22,670		3,326						(43,887)	14,046
Total long-term assets	139,201	0	6,628	9,715	22,670	0	3,326	0	0	0	0	3,307	(43,887)	140,960
Fixed assets:														
Land and improvements					4,291			131						4,422
Buildings and improvements					108,400			589						108,989
Machinery, equipment, and other	122		104		1,217	16	48,508	7,807	5,250	1,226	3,990	94		68,334
Less: accumulated depreciation	(55)		(53)		(17,232)	(9)	(8,850)	(4,347)	(3,199)	(448)	(2,499)	(56)		(36,748)
Total fixed assets	67	0	51	0	96,676	7	39,658	4,180	2,051	778	1,491	38	0	144,997
Total assets	$152,363	$23,385	$14,760	$9,716	$125,562	$5,924	$47,022	$ 6,878	$ 6,364	$1,391	$ 4,415	$3,353	$(55,094)	$346,039
LIABILITIES AND FUND EQUITY														
Liabilities:														
Current liabilities:														
Accounts payable and accrued liabilities	$ 15,084		$17,362		$ 872	$ 858	$ 1,057	$ 82		$ 396	$ 465	$ 110		$ 36,286
Insurance claims incurred but not reported	16,750	$28,700	4,834											50,284
Due to other funds	93		803	$7,716	635	357	338	309	$ 599	167	173	97	$(11,207)	80
Deferred revenues and deferred credits	6,569		899		5									7,473
Capital lease and installment debt obligations payable					981	7	4,697							5,685
Compensated absences payable	104		87		437	11	407	41		324	159	77		1,647
Other current liabilities	44	2,563			12									2,619
Total current liabilities	38,644	31,263	23,985	7,716	2,942	1,233	6,499	432	599	887	797	284	(11,207)	104,074
Long-term liabilities:														
Advances from other funds			15		42,654		11,981						(43,887)	10,763
Capital lease and installment debt obligations payable					44,780	11	27,255							72,046
Total long-term liabilities	0	0	15	0	87,434	11	39,236	0	0	0	0	0	(43,887)	82,809
Total liabilities	38,644	31,263	24,000	7,716	90,376	1,244	45,735	432	599	887	797	284	(55,094)	186,883
Fund Equity:														
Contributed capital					52,054						553			52,607
Unreserved, undesignated retained earnings	113,719	(7,878)	(9,240)	2,000	(16,868)	4,680	1,287	6,446	5,765	504	3,065	3,069		106,549
Total fund equity	113,719	(7,878)	(9,240)	2,000	35,186	4,680	1,287	6,446	5,765	504	3,618	3,069	0	159,156
Total liabilities and fund equity	$152,363	$23,385	$14,760	$9,716	$125,562	$5,924	$47,022	$ 6,878	$ 6,364	$1,391	$ 4,415	$3,353	$(55,094)	$346,039

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY—INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment	Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Administration	Prison Industries	Other Internal Service	Eliminations	Totals
Operating revenues:														
Charges for services	$ 50,335	$192,555			$ 55,444	$13,107	$ 63,193	$4,401	$79,162		$5,880	$1,435		$465,512
Contributions			$ 19,407	$ 2,451										21,858
Interest and other investment income	12,734	1,114										171		14,019
Other operating revenues	25											84		109
Total operating revenues	63,094	193,669	19,407	2,451	55,444	13,107	63,193	4,401	79,162	0	5,880	1,690	0	501,498
Operating expenses:														
General operations and administration	24,997	4,197	1,351	72	15,256	8,822	21,316	2,213	76,515	$ 5,759	5,061	1,323		166,882
Benefits and claims	48,217	159,596	35,767	6,718										250,298
Interest							2,988							2,988
Depreciation and amortization	11		10		1,539	2	5,903	794	815	165	295	8		9,543
Other operating expenses	73	28,648	64		227	55	339	72		87	21	12		29,598
Total operating expenses	73,298	192,441	37,192	6,790	17,022	8,879	30,546	3,079	77,330	6,011	5,378	1,343	0	459,309
Operating income (loss)	(10,204)	1,228	(17,785)	(4,339)	38,422	4,228	32,647	1,322	1,832	(6,011)	502	347		42,189
Nonoperating revenues	696	4,398			1,033		115	(770)		107	29	20		5,628
Nonoperating expenses	(44)								(889)					(933)
Income (loss) before operating transfers	(9,552)	5,626	(17,785)	(4,339)	39,455	4,228	32,762	552	943	(5,904)	531	367	0	46,884
Operating transfers in							2,571	246	643	6,426			$(2,546)	7,340
Operating transfers out		(2,546)											2,546	0
Net income (loss)	(9,552)	3,080	(17,785)	(4,339)	39,455	4,228	35,333	798	1,586	522	531	367	0	54,224
Retained earnings/fund balances, July 1, 1986 (restated)	123,271	(10,958)	8,545	6,339	(56,323)	452	(34,046)	5,648	4,179	(18)	2,534	2,702		52,325
Retained earnings/fund balances, June 30, 1987	113,719	(7,878)	(9,240)	2,000	(16,868)	4,680	1,287	6,446	5,765	504	3,065	3,069	0	106,549
Contributed capital, July 1, 1986 (restated)					52,054									52,054
Additions to contributed capital											553			553
Fund Equity, June 30, 1987	$113,719	$ (7,878)	$ (9,240)	$ 2,000	$ 35,186	$ 4,680	$ 1,287	$6,446	$ 5,765	$ 504	$3,618	$3,069	$ 0	$159,156

State of South Carolina

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION — INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment	Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Administration	Prison Industries	Other Internal Service	Eliminations	Totals
Sources of working capital:														
Operations:														
Net income (loss)	$ (9,552)	$3,080	$(17,785)	$(4,339)	$39,455	$4,228	$35,333	$ 798	$1,586	$ 522	$ 531	$ 367		$ 54,224
Items not requiring working capital:														
Depreciation	11		10		1,539	2	5,903	794	815	165	296	8		9,543
Loss on disposition of property and equipment					56		1,560	1,371		15	3	18		3,023
Total sources from operations	(9,541)	3,080	(17,775)	(4,339)	41,050	4,230	42,796	2,963	2,401	702	830	393	$ 0	66,790
Decrease in long-term investments	25		1,964											1,989
Decrease in advances to other funds	2,563				330								(43,887)	(40,994)
Increase in advances from other funds			15											15
Increase in lease and installment debt obligations						11								11
Proceeds on disposal of property and equipment										15				15
Total sources of working capital	(6,953)	3,080	(15,796)	(4,339)	41,380	4,241	42,796	2,963	2,401	717	830	393	(43,887)	27,826
Uses of working capital:														
Increase in long-term investments	20,865			3,376								585		24,826
Increase in advances to other funds							326							326
Decrease in advances from other funds					346		19						(43,887)	(43,522)
Decrease in lease and installment debt obligations					1,000		4,697							5,697
Acquisition of property and equipment	16		28		38,979		40,506	2,554	877	569	689	7		84,225
Total uses of working capital	20,881	0	28	3,376	40,325	0	45,548	2,554	877	569	689	592	(43,887)	71,552
Net increase (decrease) in working capital	$(27,834)	$3,080	$(15,824)	$(7,715)	$ 1,055	$4,241	$ (2,752)	$ 409	$1,524	$ 148	$ 141	$(199)	$ 0	$(43,726)
Components of net increase (decrease) in working capital:														
Investments, cost or amortized cost		$2,592			$ 1,752	$ 612	$ 1,053	$ (3)		$ 171	$(828)			$ 5,349
Accounts receivable, net	$ (4,018)	317	$ 733		76	62	11				198	$ 1		(2,620)
Loans and notes receivable—current portion	(3)													(3)
Due from Federal government and other grantors					47									47
Due from other funds	(1,369)	1,659	348	$ 1	358	249	903	(534)	$1,104	14	890	7	$(11,207)	(7,577)
Inventories					161	4,525	378	8			519			5,591
Other current assets	(1,161)													(1,161)
Accounts payable and accrued liabilities	(3,873)		(11,818)		(872)	(858)	242	(82)		304	(465)	(33)		(17,455)
Insurance claims incurred but not reported	(10,600)	(496)	(3,298)											(14,394)
Due to other funds	(93)		(803)	(7,716)	(32)	(331)	(338)	1,061	415	(16)	(173)	(97)	11,207	3,084
Deferred revenues and deferred credits	(6,569)		(899)		(5)									(7,473)
Lease and installment debt obligations—current					19	(7)	(4,594)		5					(4,577)
Compensated absences payable	(104)		(87)		(437)	(11)	(407)	(41)		(325)		(77)		(1,489)
Other current liabilities	(44)	(992)			(12)									(1,048)
Net increase (decrease) in working capital	$(27,834)	$3,080	$(15,824)	$(7,715)	$ 1,055	$4,241	$ (2,752)	$ 409	$1,524	$ 148	$ 141	$(199)	$ 0	$(43,726)

South Carolina State House, Columbia. — The first State House on this site was under construction when the Ratification Convention met in Charleston in 1788. The first session of the General Assembly held in the new State House opened on January 4, 1790; on January 19, 1790, the General Assembly ratified the first ten amendments to the Constitution. South Carolina subsequently ratified the eleventh through sixteenth, the eighteenth, the twentieth and the twenty-second amendments. Construction on the present State House was begun in 1855, and the incomplete structure was burned during Sherman's March in 1865. The State House was finally completed in 1907.

FIDUCIARY FUNDS

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for resources the State holds as trustee. Both the principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. The State uses the following Expendable Trust Funds:

Radioactive Waste Contingency Fund. A private company operates a low-level radioactive waste disposal facility within the State. The State and the company have entered into a trust agreement with the State Treasurer as trustee. The company has deposited monies into the trust fund to provide for site cleanup in the event that there is seepage into the groundwater or the site is abandoned.

Unemployment Compensation Benefits Fund. This fund accounts for the State's unemployment compensation benefits.

Second Injury Fund. This fund accounts for assessments made on insurance carriers, self-insurers, and the Workers' Compensation Fund. These assessments are used to pay claims of employees with existing permanent physical impairment who are further injured in the course of their employment.

Defeasance Trust Fund. This fund is an irrevocable bond defeasance trust fund established to hold sufficient resources to satisfy outstanding debt. The State Treasurer holds these assets in the capacity of an independent trustee. The related debt is no longer considered to be outstanding.

Multi-Family Housing Fund. This fund was established pursuant to bond resolutions which name the State Treasurer as trustee. These bonds constitute no-commitment debt for the State and are issued for the purpose of providing financing to developers of multi-family rental housing.

Other Expendable Trust Funds. These funds, aggregated for presentation purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and provide for such items as scholarship funds, maintenance and operation of specific properties and construction of monuments.

NONEXPENDABLE TRUST FUNDS

These funds account for resources the State holds as trustee. The principal of these funds must be preserved and only the earnings may be used for the purposes allowed under the trust agreement. Most of the resources in these funds were bequeathed to the State via wills of deceased persons.

PENSION TRUST FUNDS

Pension Trust Funds account for four public employee retirement systems that the State administers.

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

AGENCY FUNDS

Agency Funds are custodial in nature. They generally represent amounts held by the State on behalf of third parties. The State uses the following Agency Funds:

Deferred Compensation Plans. This fund accounts for the Section 457 and the Section 401(k) Deferred Compensation Plans offered to employees of State, its component units, and various local governmental units.

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of surety bonds.

Local Government Investment Pool. Excess public monies are deposited into this fund by various local governmental units and other political subdivisions of the State. The State Treasurer invests these monies in order to allow these participating governmental units to realize a higher income on their investments by pooling their investments.

Federal Interfund Activity Fund. This fund accounts for Federal funds that are first received by one State agency and eventually will be distributed to another State agency.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Public School Employee Fringe Benefits Fund. This fund accounts for State-appropriated funds allocated to school districts for the payment of employer contributions. The balances in this fund represent amounts which have been transferred to school district accounts but have not yet been expended by the school districts.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, unclaimed property, miscellaneous clearing accounts, and other deposits.

State of South Carolina

COMBINING BALANCE SHEET — FIDUCIARY FUNDS

June 30, 1987

(Expressed in Thousands)

	Expendable Trust						Non-expendable Trust	Pension Trust				Agency							Eliminations	Totals
	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury	Defeasance Trust	Multi-Family Housing	Other Expendable Trust		South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Deferred Compensation Plans	Insurance Company Deposits	Local Government Investment Pool	Federal Interfund Activity	Payroll Clearing	Public School Employee Fringe Benefits	Other Agency		
ASSETS																				
Cash on deposit with fiscal agents		$174,638																		$ 174,638
Investments, cost or amortized cost	$27,864	852	$12,710	$52,319	$24,723	$6,006	$550	$4,536,691	$397,278	$14,574	$19,574	$200,867	$109,771	$332,828		$ 3,903	$3,200	$86,803		$5,830,513
Deferred yield adjustment for security exchanges								189,801	11,054	594	26									201,475
Receivables (net):																				
Accounts	15		12	2,532	563	21	5	109,393	13,529	302	270	1,253		5,052		1		9		132,957
Taxes		46,027																		46,027
Loans and notes						44														44
Due from Federal government and other grantors						18														18
Due from other funds	1	2,014		55	505	1	3	13,398	1,396	5	45				$7,374	23,586		7,029	$(37,174)	18,238
Inventories						9														9
Restricted assets							7													7
Other assets												429								429
Total assets	$27,880	$223,531	$12,722	$54,906	$25,791	$6,099	$565	$4,849,283	$423,257	$15,475	$19,915	$202,549	$109,771	$337,880	$7,374	$27,490	$3,200	$93,841	$(37,174)	$6,404,355
LIABILITIES AND FUND BALANCES																				
Liabilities:																				
Accounts payable and accrued liabilities		$ 303	$ 1,233	$49,782		$ 29		$ 1,023	$ 106							$ 65		$ 964		$ 53,505
Tax refunds payable		882																		882
Intergovernmental payables						47												55		102
Due to other funds		21	15		$ 210	81								$ 1	$1,943	3,855	$1,522	70,281	$(37,174)	40,755
Deferred revenues and deferred credits		4,384																		4,384
Deposits																		2,345		2,345
Amounts held in custody for others													$109,771	337,879	5,431	23,536	1,678	20,023		498,318
Deferred compensation												$202,549								202,549
Compensated absences payable																34				34
Other liabilities						44	$ 7											173		224
Total liabilities	0	5,590	1,248	49,782	210	201	7	1,023	106	0	0	202,549	109,771	337,880	7,374	27,490	3,200	93,841	(37,174)	803,098
Fund Balances:																				
Reserved for:																				
Pension benefits								4,848,260	423,151	$15,475	$19,915									5,306,801
Inventories						9														9
Unreserved, undesignated	$27,880	217,941	11,474	5,124	25,581	5,889	558													294,447
Total fund balances	27,880	217,941	11,474	5,124	25,581	5,898	558	4,848,260	423,151	15,475	19,915	0	0	0	0	0	0	0	0	5,601,257
Total liabilities and fund balances	$27,880	$223,531	$12,722	$54,906	$25,791	$6,099	$565	$4,849,283	$423,257	$15,475	$19,915	$202,549	$109,771	$337,880	$7,374	$27,490	$3,200	$93,841	$(37,174)	$6,404,355

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury	Defeasance Trust	Multi-Family Housing	Other Expendable Trust	Totals
Revenues:							
Taxes		$194,922					$194,922
Licenses, fees, and permits	$ 2,910					$ 7	2,917
Interest and other investment income	1,510		$ 808	$1,716	$ 3,500	538	8,072
Federal		20,850				17	20,867
Departmental services		6				425	431
Contributions						180	180
Other	559	53	24,140		557	37	25,346
Total revenues	4,979	215,831	24,948	1,716	4,057	1,204	252,735
Expenditures:							
Current:							
General governmental		108,953	19,567	1,840	36,288		166,648
Individual and family services						155	155
Resources and economic development						367	367
Debt service—principal retirement			2				2
Intergovernmental						241	241
Total expenditures	0	108,953	19,569	1,840	36,288	763	167,413
Revenues over (under) expenditures	4,979	106,878	5,379	(124)	(32,231)	441	85,322
Other financing (uses)—operating transfers out						(116)	(116)
Revenues and other sources over (under) expenditures and other uses	4,979	106,878	5,379	(124)	(32,231)	325	85,206
Fund balances, July 1, 1986 (restated)	22,901	111,063	6,095	5,248	57,812	5,573	208,692
Fund balances, June 30, 1987	$27,880	$217,941	$11,474	$5,124	$ 25,581	$5,898	$293,898

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES — NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

		Pension Trust				
	Nonexpendable Trust	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Totals
Operating revenues:						
Contributions	$ 1	$ 363,595	$ 37,969	$ 1,677	$ 3,567	$ 406,809
Interest and other investment income	6	474,080	41,175	1,442	2,019	518,722
Total operating revenues	7	837,675	79,144	3,119	5,586	925,531
Operating expenses—benefits and claims		233,018	16,585	1,224	1,974	252,801
Operating income	7	604,657	62,559	1,895	3,612	672,730
Nonoperating revenues	26					26
Income before operating transfers	33	604,657	62,559	1,895	3,612	672,756
Operating transfers:						
Operating transfers in		8,207	184			8,391
Operating transfers out		(3,553)	(302)	(11)	(14)	(3,880)
Total operating transfers	0	4,654	(118)	(11)	(14)	4,511
Net income	33	609,311	62,441	1,884	3,598	677,267
Fund balances, July 1, 1986 (restated)	525	4,238,949	360,710	13,591	16,317	4,630,092
Fund balances, June 30, 1987	$558	$4,848,260	$423,151	$15,475	$19,915	$5,307,359

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION — NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Nonexpendable Trust	Pension Trust Funds				Totals
		South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	
Sources of working capital:						
Operations:						
Net income	$ 33	$609,311	$62,441	$1,884	$3,598	$677,267
Items not requiring working capital—decrease in restricted assets	2,507					2,507
Total sources of working capital	2,540	609,311	62,441	1,884	3,598	679,774
Uses of working capital:						
Increase in long-term investments	6	377,645	45,998	776	1,873	426,298
Decrease in noncurrent liabilities	2,507					2,507
Total uses of working capital	2,513	377,645	45,998	776	1,873	428,805
Net increase in working capital	$ 27	$231,666	$16,443	$1,108	$1,725	$250,969
Components of net increase in working capital:						
Cash		$ (305)	$ (26)	$ (7)	$ (4)	$ (342)
Investments, cost or amortized cost		184,168	9,928	980	1,460	196,536
Accounts receivable, net	$ 5	68,105	6,883	301	229	75,523
Due from other funds	3	13,398	1,397	5	45	14,848
Deferred yield adjustment for security exchanges		(32,677)	(1,632)	(171)	(5)	(34,485)
Accounts payable and accrued liabilities	19	(1,023)	(107)			(1,111)
Net increase in working capital	$ 27	$231,666	$16,443	$1,108	$1,725	$250,969

State of South Carolina

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — AGENCY FUNDS

For the Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

	Balance July 1, 1986	Additions	Deductions	Balance June 30, 1987
ASSETS				
Deferred Compensation Plans	$154,444	$ 90,457	$ 42,352	$202,549
Insurance Company Deposits	65,112	82,106	37,447	109,771
Local Government Investment Pool	182,573	26,330,711	26,175,404	337,880
Federal Interfund Activity Fund		7,374		7,374
Payroll Clearing Fund	20,257	597,217	589,984	27,490
Public School Employee Fringe Benefits Fund	844	3,361,972	3,359,616	3,200
Other Agency Funds	27,910	1,006,987	941,056	93,841
Total assets	$451,140	$31,476,824	$31,145,859	$782,105
LIABILITIES				
Deferred Compensation Plans	$154,444	$ 54,271	$ 6,166	$202,549
Insurance Company Deposits	65,112	82,106	37,447	109,771
Local Government Investment Pool	182,573	671,531	516,224	337,880
Federal Interfund Activity Fund		12,957	5,583	7,374
Payroll Clearing Fund	20,257	549,378	542,145	27,490
Public School Employee Fringe Benefits Fund	844	3,361,972	3,359,616	3,200
Other Agency Funds	27,910	981,189	915,258	93,841
Total liabilities	$451,140	$ 5,713,404	$ 5,382,439	$782,105

Note: This combining statement presents, on a summarized basis, the changes in total assets and total liabilities of each agency fund. Changes by individual balance-sheet account for each fund have not been presented because that presentation would be unduly complex.

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets except those accounted for in the Proprietary, Fiduciary, and Higher Education Funds.

State of South Carolina

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

June 30, 1987

(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General governmental:				
Legislative			$ 6,653	$ 6,653
Executive and administrative	$ 5,374	$ 44,342	19,318	69,034
Regulatory	1,220	3,473	18,587	23,280
Total general governmental	6,594	47,815	44,558	98,967
Education	3,884	34,626	184,767	223,277
Individual and family services	7,943	147,252	81,462	236,657
Administration of justice	3,446	124,148	29,433	157,027
Resources and economic development	50,986	47,012	39,928	137,926
Transportation		32,219	111,066	143,285
Total general fixed assets allocated to functions	$72,853	$433,072	$491,214	997,139
Construction in progress				102,673
Total general fixed assets				$1,099,812

State of South Carolina

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the Fiscal Year Ended June 30, 1987

(Expressed in Thousands)

Function	Balance July 1, 1986	Additions	Retirements	Balance June 30, 1987
General governmental:				
Legislative	$ 5,859	$ 1,178	$ 384	$ 6,653
Executive and administrative	66,695	3,426	1,087	69,034
Regulatory	20,646	5,456	2,822	23,280
Total general governmental	93,200	10,060	4,293	98,967
Education	212,150	21,698	10,571	223,277
Individual and family services	211,856	27,707	2,906	236,657
Administration of justice	149,966	8,593	1,532	157,027
Resources and economic development	129,662	10,078	1,814	137,926
Transportation	126,179	22,764	5,658	143,285
Construction in progress	68,657	59,543	25,527	102,673
Total general fixed assets	$991,670	$160,443	$52,301	$1,099,812

HIGHER EDUCATION FUNDS

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. These institutions are: The University of South Carolina, Clemson University, The Medical University of South Carolina, South Carolina State College, Winthrop College, The Citadel, The College of Charleston, Lander College, Francis Marion College, Aiken Technical College, Beaufort Technical College, Chesterfield-Marlboro Technical College, Denmark Technical College, Florence-Darlington Technical College, Greenville Technical College, Horry-Georgetown Technical College, Midlands Technical College, Orangeburg-Calhoun Technical College, Piedmont Technical College, Spartanburg Technical College, Sumter Area Technical College, Tri-County Technical College, Trident Technical College, Williamsburg Technical College, and York Technical College. Higher Education Funds include the following individual funds:

CURRENT FUNDS

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives.

Unrestricted Current Funds. These funds account for currently expendable resources which may be either completely unrestricted or designated by institution officials for specific purposes.

Restricted Current Funds. These funds account for resources that donors or other outside agencies have restricted for specific current operating purposes.

LOAN FUNDS

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

ENDOWMENT AND SIMILAR FUNDS

These funds account for endowments and quasi-endowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

PLANT FUNDS

Plant Funds account for transactions involving physical properties of the higher education institutions.

Unexpended Plant Funds. Unexpended Plant Funds account for resources that institutions will use to acquire physical properties in future accounting periods.

Renewal and Replacements Funds. Renewal and Replacements Funds accounts for resources institutions have set aside for the renewal and replacement of institutional properties.

Retirement of Indebtedness Funds. The Retirement of Indebtedness Funds include amounts to pay debt service and to retire indebtedness on institutional properties.

Investment in Plant Funds. The Investment in Plant Funds subgroup accounts for resources that the institution has expended for (and thus has invested in) its properties and any related outstanding debt.

AGENCY FUNDS

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

State of South Carolina

COMBINING BALANCE SHEET—HIGHER EDUCATION FUNDS

June 30, 1987

(Expressed in Thousands)

	Current Funds			Endowment and Similar Funds	Plant Funds						
	Unrestricted	Restricted	Loan Funds		Unexpended	Renewal and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	Eliminations	Totals
ASSETS											
Investments	$ 80,981	$11,812	$ 2,810	$19,444	$ 67,445	$ 9,722	$42,581		$1,065		$ 235,860
Receivables (net):											
Accounts	5,433	2,418	43	66	1,406		338		284		9,988
Patient and student	26,994										26,994
Student loans			28,538								28,538
Loans and notes		149									149
Due from Federal government and other grantors	1,220	9,490	21						26		10,757
Due from other Higher Education Funds	6,830	2,206	193	308	2,398		1,990		57	$(13,982)	0
Due from other funds	11,815	871	293	682	2,191	831	2,962		87	(1,219)	18,5.3
Inventories	13,768										13,768
Property, plant, and equipment (net)				474	30,454			$1,465,460			1,496,388
Other assets	2,162	27	31	89	412		176	121	2		3,020
Total assets	$149,203	$26,973	$31,929	$21,063	$104,306	$10,553	$48,047	$1,465,581	$1,521	$(15,201)	$1,843,975
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	$ 31,288	$ 634	$ 11	$ 16	$ 9,058		$ 3,160		$ 235		$ 44,402
Due to other Higher Education Funds	4,338	3,800	378	42	2,978		1,883	$ 458	105	$(13,982)	0
Due to other funds	1,909	1,531	183		7		1,216		158	(1,219)	3,785
Advances from other funds								6,484			6,484
Deferred revenues and deferred credits	23,198	444			44						23,686
Deposits	2,375	1									2,376
Amounts held in custody for others									1,023		1,023
Notes payable	102	593			1,725			12,487			14,907
General obligation bond anticipation notes payable					1,700			7,740			9,440
General obligation bonds payable					10			18,580			18,590
Revenue bonds payable					43,555	$ 448		102,729			146,732
Capital lease and installment debt obligations payable	85							19,641			19,726
Compensated absences payable	32,417	6									32,423
Other liabilities	1,872	50	11		2,346			346			4,625
Total liabilities	97,584	7,059	583	58	61,423	448	6,259	168,465	1,521	(15,201)	328,199
Fund Balances:											
Investment in plant								1,297,116			1,297,116
Reserved for:											
Restricted fund balance		19,922	6,614		38,887	10,105	41,788				117,316
U. S. government grants refundable			24,206								24,206
Endowment and similar funds				10,189							10,189
Encumbrances	1,282										1,282
Other special purposes	19										19
Unreserved:											
Designated for special purposes	9,435	2	485		2,005						11,927
Designated for quasi-endowments	3,796			10,816							14,612
Undesignated	37,087	(10)	41		1,991						39,109
Total fund balances	51,619	19,914	31,346	21,005	42,883	10,105	41,788	1,297,116	0	0	1,515,776
Total liabilities and fund balances	$149,203	$26,973	$31,929	$21,063	$104,306	$10,553	$48,047	$1,465,581	$1,521	$(15,201)	$1,843,975

SCHEDULES—BUDGETARY
GENERAL FUND

State of South Carolina

APPROPRIATION ACTIVITY—BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1987

(Expressed in Thousands)

Function	Original Appropriations	Adjustments	Adjusted Appropriations	Expenditures	Appropriations To Be Carried Forward	Lapsed Appropriations
Legislative	$ 24,194	$ 2,489	$ 26,683	$ 22,600	$ 3,618	$ 465
Judicial	21,940	174	22,114	21,853	77	184
Executive and administrative	167,122	(50,874)	116,248	113,794	1,624	830
Educational	1,474,249	(27,415)	1,446,834	1,443,826	1,793	1,215
Health	368,444	3,784	372,228	371,241	527	460
Social rehabilitation services	100,133	155	100,288	97,571	210	2,507
Correctional	157,472	1,010	158,482	157,386	915	181
Conservation, natural resources, and development	99,793	2,112	101,905	99,707	1,630	568
Regulatory	56,399	784	57,183	56,508		675
Transportation	2,494	631	3,125	2,475	386	264
Debt service	107,578		107,578	107,122		456
Miscellaneous	180,002	(5,600)	174,402	174,402		
Highway Department	1,300	(44)	1,256	1,256		
Totals	$2,761,120	$(72,794)	$2,688,326	$2,669,741	$10,780	$7,805

Note: See Notes to the Combined Financial Statements, Note 3, for information on budgetary accounting. The adjustments shown above (expressed in thousands) may be summarized as follows:

Appropriations brought forward from fiscal year 1985-86	$ 20,959
Mid-year appropriation reductions	(101,798)
Open-ended appropriations	8,045
Total adjustments	$ (72,794)

GENERAL FUND RESERVE ACTIVITY — BUDGETARY GENERAL FUND

Last Five Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Fund Reserve, a reserve primarily designed to prevent Budgetary General Fund deficits. Prior to November 4, 1984, the reserve was considered fully funded whenever it equaled five percent of the Budgetary General Fund budgetary-basis revenue of the latest completed fiscal year. On November 4, 1984, a Constitutional amendment was passed changing the funding requirement from five to four percent of the Budgetary General Fund revenue of the latest completed fiscal year. Provisions of the amendment also allow the percentage rate to be reduced to three or increased to five percent by a special vote of the General Assembly. An act which took effect on March 9, 1988, reduced the percentage rate to three percent. The full-funding amount for the fiscal year ended June 30, 1988, therefore, is $80.783 million.

Key amounts (expressed in thousands) for the General Fund Reserve for the last five fiscal years are:

Fiscal Year Ended June 30	Start-of-Year Balance	Deposits (Withdrawals)	End-of-Year Balance	Full-Funding Amount	Actual End-of-Year % Funded[c]
1983	$21,129	$18,883	$40,012	$ 90,208[a]	44%
1984	40,012	58,485	98,497	98,497[a]	100%
1985	98,497	(9,369)	89,128	89,128[b]	100%
1986	89,128	(37,353)	51,775	95,735[b]	54%
1987	51,775	23,606	75,381	100,372[b]	75%

[a]Equals 5% of the Budgetary General Fund revenues for the latest completed fiscal year.
[b]Equals 4% of the Budgetary General Fund revenues for the latest completed fiscal year.
[c]Equals (End-of-Year Balance/Full Funding Amount)x 100

FUNDS EARMARKED FOR PUBLIC EDUCATION—BUDGETARY GENERAL FUND

For The Fiscal Year Ended June 30, 1987
(Expressed in Thousands)

Budgetary-basis revenues:	
Retail sales tax (4%)	$ 939,072
Alcoholic liquors tax—State portion	20,230
Beer and wine tax—State portion	268
Soft drinks tax	18,868
Commercial nuclear waste tax	4,157
Total budgetary-basis revenues earmarked for public education	982,595
Budgetary-basis expenditures:	
Department of Education	915,833
State Board of Technical and Comprehensive Education	85,999
Educational Television Commission	15,426
Wil Lou Gray Opportunity School	2,413
School for the Deaf and Blind	9,244
John De La Howe School	2,732
Debt service—school bonds	9,171
Total budgetary-basis expenditures earmarked for public education	1,040,818
Excess of budgetary-basis expenditures over revenues earmarked for public education	$ 58,223

Part I, Section 1, of the 1986-87 Appropriation Act and Sections 12-21-1130 and 48-47-175 of the South Carolina Code of Laws require that the Budgetary General Fund revenues shown above be expended only to cover appropriations made to support the specific public secondary-school education agencies listed above. These legal requirements are considered to be satisfied if the amount of Budgetary General Funds expended for these particular agencies exceeds the earmarked revenues.

Legal-basis debt service expenditures on capital improvement bonds applicable to the designated public education agencies could not be determined. If available this amount would increase both expenditures and the excess of expenditures over revenues earmarked for public education. Records of the State Treasurer's Office show that capital improvement bond proceeds of $21,488 million were allocated to the designated public education agencies in 1986-87.

Pierce Butler
(1744-1822)

STATISTICAL SECTION

Pierce Butler was born in County Carlow, Ireland, July 11, 1744. He was the son of Sir Richard Butler, Baronet, member of Parliament for County Carlow, and Henrietta Percy Butler. Before he was eighteen, a commission in the British army had been purchased for Butler and he entered the military. Butler became a major of His Majesty's 29th Regiment of Foot in 1766 and was posted to the American colonies two years later. While his regiment was in South Carolina, Butler married Mary, daughter of Col. Thomas Middleton, in 1771. When his regiment was transferred back to England in 1773, Butler sold his commission and remained in South Carolina, devoting himself to agriculture and public service. By means of his wife's inheritance and his own purchase, Butler soon owned thousands of acres of land in the colony, as well as more thousands of acres in Tennessee and property in Philadelphia. By 1809, he had become one of the wealthiest planters in the United States.

During the Revolution, Butler fully supported the American cause. He was appointed Adjutant-General of South Carolina in 1779 by Governor Rutledge and was placed in charge of the militia. He was involved in the attack on Savannah in that year and commanded raids on British forces in the lowcountry. From 1778 to 1782, and again from 1784 to 1789, Butler was a representative to the General Assembly from Prince William Parish.

After the fall of Charleston to the British in 1780, Butler attached himself to General Gates's army in North Carolina and was responsible for the detention of British prisoners of war at Salisbury. After the war's end, he discovered that his family had been exiled from Charleston and his Eutaw plantation burned by the British.

Butler was elected a delegate from South Carolina to the Constitutional Convention in Philadelphia in 1787. At the convention, he made a point of protecting his State's interests. He expressed his views on the convention floor on more than seventy occasions. He supported strong central government, checks and balances, a single executive, the electoral college, federal control of the militia, and designated powers for Congress. He was opposed to a salary for senators, the presidential veto, and legislative veto over State laws, yet he eventually signed the Constitution, saying that "the Constitution, with all its imperfections, is the only thing that can rescue the States from civil discord and foreign contempt."

Back in South Carolina for the Eighth General Assembly, Butler supported the removal of the State's capital from Charleston to Columbia and a reapportionment of the legislature. In 1789, he was elected to the United States Senate from South Carolina and was reelected in 1792. In 1796, Butler resigned from the Senate, after having been considered by the Republicans that year as a possible vice-presidential candidate with Thomas Jefferson. In 1802, he was elected to fill an unexpired term in the Senate as a Republican, but resigned in 1806, charging that the Republican party was abusing its powers just as the Federalists had done.

In 1816, when the Second Bank of the United States was chartered in Philadelphia, Butler was elected a director by the stockholders for one term. He remained active in the affairs of the bank until his resignation in 1821 for reasons of health. Following an extended illness, he died in 1822 in Philadelphia, where he had lived for some time, and was buried in Christ Church Cemetery there.

Butler's descendants include a namesake who married actress and diarist Fanny Kemble; and Charleston author Owen Wister, writer of *Lady Baltimore*.

EXPENDITURES (BUDGETARY BASIS)—TOTAL BUDGETED FUNDS[a] BY FUNCTION

Last Six Fiscal Years[b]
(Expressed in Thousands)

Function	For the Fiscal Year Ended June 30					
	1982	1983	1984	1985	1986	1987
Legislative	$ 13,577	$ 14,125	$ 14,814	$ 20,252	$ 22,287	$ 23,391
Judicial	14,037	14,775	16,838	18,866	20,925	21,853
Executive and administrative	369,493	382,053	261,196	303,997	296,605	260,639
Educational	1,536,162	1,607,024	1,779,724	2,405,711	2,273,874	2,314,100
Health[c]	325,914	330,174	356,914	746,494	926,329	1,027,103
Social rehabilitation services[c]	517,168	475,125	506,527	229,246	454,579	447,229
Correctional	96,619	96,886	117,485	159,435	183,117	215,149
Conservation, natural resources, and development	109,148	110,397	124,346	139,750	158,105	160,293
Regulatory	67,770	71,695	78,949	86,244	93,514	99,612
Transportation	3,584	5,032	3,695	3,832	3,447	2,866
Debt service	89,722	105,091	101,436	103,608	106,738	107,122
Miscellaneous	119,223	113,058	124,864	163,106	172,901	174,402
Highway Department	301,989	321,817	390,333	455,467	465,181	482,990
Total expenditures	$3,564,406	$3,647,252	$3,877,121	$4,836,008	$5,177,602	$5,336,749

[a]This table includes expenditures for the State's budgeted funds—the Budgetary General Fund and Other Budgeted Funds.

[b]It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-1982 when the current Statewide accounting system was installed.

[c]In the fiscal year ended June 30, 1985, a new Health agency assumed responsibility for certain programs previously reported under Social Rehabilitation Services.

Fairfield Court House, Winnsboro. — Fairfield County elected as its delegates Capt. James Craig, Jacob Brown, John Cook and John Gray. All voted against ratification. The present court house was built in 1822.

State of South Carolina

REVENUES (BUDGETARY BASIS)—TOTAL BUDGETED FUNDS[a] BY SOURCE

Last Six Fiscal Years[b]

(Expressed in Thousands)

Source	For the Fiscal Year Ended June 30					
	1982	1983	1984	1985	1986	1987
Admissions tax	$ 6,430	$ 7,403	$ 8,307	$ 8,519	$ 9,230	$ 9,868
Aircraft tax	246	271	152	458	539	902
Alcoholic liquors tax	39,706	43,622	43,864	43,603	46,580	46,149
Bank tax	3,876	5,116	4,839	7,632	4,171	5,529
Beer and wine tax	55,020	61,458	58,729	60,027	62,488	66,619
Business license tax	30,279	29,747	29,852	29,842	29,993	30,303
Cable television fees	7	7	4			
Coin-operated device tax	1,975	8,371	6,046	5,756	8,115	6,726
Commercial nuclear waste tax			3,903	4,856	4,656	4,157
Contractors' license tax	607	661	700	746	808	864
Corporation income tax	127,610	18,203	154,483	192,152	185,014	184,890
Corporation license tax	17,666	124,132	21,337	25,002	24,193	30,053
Department of Agriculture	7,232	6,969	7,179	7,909	7,933	7,895
Departmental revenue (primarily grant revenues and fees for services)	1,173,982	1,620,163	1,797,230	2,019,592	2,355,983	2,441,978
Documentary tax	10,140	11,703	16,786	16,360	16,085	16,080
Earned on investments	65,799	62,311	71,031	83,759	79,198	76,406
Education Improvement Act—1% sales tax				182,578	221,740	235,690
Education Improvement Act—investment earnings				1,404	2,235	2,377
Education Improvement Act—other				300	270	648
Electric power tax	12,627	12,435	13,076	13,411	12,653	13,241
Estate tax	12,634	14,259	17,633	22,442	19,946	24,857
Excise tax—casual sales		7,186	8,764	7,738	7,728	7,863
Fertilizer inspection tax	213	185	189	219	191	160
Gasoline tax—counties	14,662	14,330	15,429	15,902	16,341	16,842
Gift tax	714	980	1,121	1,496	2,316	2,124
Individual income tax	641,838	719,113	795,480	850,814	907,285	1,008,938
Insurance tax	40,798	45,434	49,522	56,594	65,173	83,535
Miscellaneous sources	687,082	75,351	107,427	215,199	152,092	81,509
Motor transport fees	2,690	2,678	4,462	4,868	4,552	4,722
Private car lines tax	1,075	1,077	1,135	1,057	1,099	1,099
Public service assessment	2,490	2,528	3,022	3,060	3,317	3,351
Public Service Authority	1,400	1,500	1,600	1,700	2,900	2,503
Radioactive waste surcharge						2,831
Retail sales tax (4%)	646,552	684,391	790,160	820,534	885,591	939,072
Retailers' license tax	727	1,121	1,193	3,776	923	882
Savings and loan association tax	59	(68)	19	(12)	(835)	55
Soft drinks tax	13,868	13,841	13,192	14,970	18,029	18,868
Workers' compensation insurance tax	6,274	7,472	7,377	7,961	9,725	14,454
Total revenues	$3,626,278	$3,603,950	$4,055,243	$4,732,224	$5,168,257	$5,394,040

[a]This table includes revenues for the State's budgeted funds—the Budgetary General Fund and Other Budgeted Funds.

[b]It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-82 when the current Statewide accounting system was installed.

State of South Carolina

INCOME AND SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year Ended June 30	Individual Income Tax	Corporate Income Tax	Retail Sales Tax
1978	5-7%	6%	4%
1979	5-7%	6%	4%
1980	5-7%	6%	4%
1981	5-7%	6%	4%
1982	5-7%	6%	4%
1983	5-7%	6%	4%
1984	5-7%	6%	5%
1985	2-7%	6%	5%
1986	2-7%	6%	5%
1987	3-7%	6%	5%

Source: General History of Taxes 1987, prepared by the State Tax Commission.

State of South Carolina

RATIO OF NET GENERAL OBLIGATION BONDS AND NOTES TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDS AND NOTES PER CAPITA

Last Ten Fiscal Years

For the Year Ended June 30	Population[a] (Thousands)	Assessed Value[b] (Thousands)	General Obligation Bonds and Notes Outstanding (Thousands)	General Obligation Bonds and Notes Ratio to Assessed Value	General Obligation Bonds and Notes Per Capita
1978	2,989	$2,140,369	$573,542	26.80%	$191.88
1979	3,041	2,392,401	560,637	23.43%	184.36
1980	3,087	2,629,008	557,577	21.21%	180.62
1981	3,123	2,795,576	601,185	21.50%	192.50
1982	3,187	3,036,054	727,555	23.96%	228.29
1983	3,227	4,030,805	600,295	14.89%	186.02
1984	3,264	4,432,857	611,170	13.79%	187.25
1985	3,300	4,767,773	626,645	13.14%	189.89
1986	3,347	5,190,501	658,515	12.69%	196.75
1987	3,378	5,761,295	693,270	12.03%	205.23

[a]South Carolina Statistical Abstract, 1985; State Data Center, Research and Statistical Services Division, State Budget and Control Board; 1987 South Carolina Economic Report, State Budget and Control Board.

[b]Assessed value as of December 31 of the year preceding the indicated fiscal year. Source: Comptroller General's Annual Reports.

State of South Carolina

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 1987

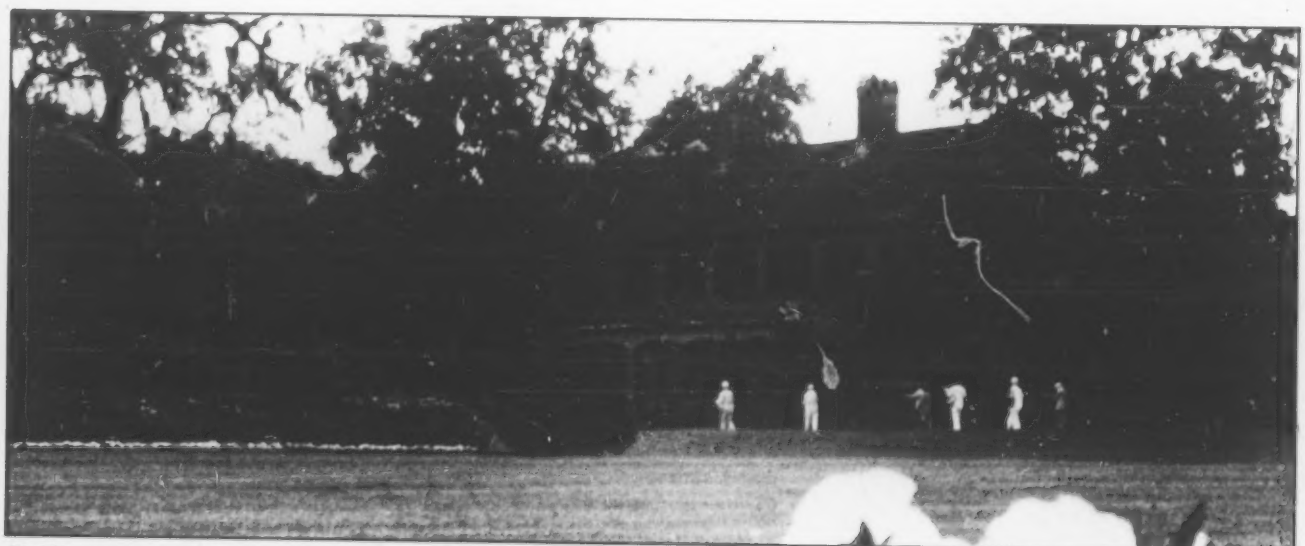
(Expressed in Thousands)

Section 57-11-240 of the South Carolina Code of Laws limits State highway bonds outstanding to $150 million. Likewise, Section 59-107-90 limits State institution bonds legally outstanding to $60 million.

Furthermore, Section 11-11-430 states: "The issuance of general obligation bonds of the State must be limited so that the maximum annual debt service on all general obligation bonds of the State (excluding highway bonds, State institution bonds, tax anticipation notes, and bond anticipation notes) may not exceed five percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for State highway bonds and State institution bonds)."

Therefore:

State highway bond limitation	$ 150,000
Less: State highway bonds outstanding at June 30, 1987	16,500
Legal debt margin at June 30, 1987—highway bonds	$ 133,500
State institution bond limitation	$ 60,000
Less: State institution bonds and notes outstanding at June 30, 1987	28,030
Legal debt margin at June 30, 1987—institution bonds	$ 31,970
1985-1986 Budgetary General Fund revenues	$2,509,288
Less: 1985-1986 revenues pledged for highway and institution bonds	12,243
1985-1986 net Budgetary General Fund revenues	$2,497,045
5% of 1985-1986 net Budgetary General Fund revenues	$ 124,852
Less: 1986-1987 net Budgetary General Fund revenues for general obligation bonds excluding highway and institution bonds, tax anticipation notes, and bond anticipation notes	95,098
Legal debt service margin at June 30, 1987—general obligation bonds excluding highway and institution bonds and tax/bond anticipation notes	$ 29,754



Middleton Place, Charleston. — This was the home of Arthur Middleton, signer of the Declaration of Independence. The original house was built by his great-great-grandfather, John Williams, c. 1705. His great-grandfather Henry Middleton added flanking wings c. 1755. The house was burned in 1865 by Federal troops, except for the south wing. The notable gardens were laid out beginning in 1740.

RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDS TO BUDGETARY GENERAL FUND EXPENDITURES

Last Ten Fiscal Years
(Expressed in Thousands)

For the Fiscal Year Ended June 30	Debt Service	Total Budgetary General Fund Expenditures	Ratio
1978	$ 71,454	$1,212,372	5.89%
1979	78,547	1,383,747	5.68%
1980	78,552	1,598,460	4.91%
1981	81,360	1,764,640	4.61%
1982	89,722	1,859,378	4.83%
1983	105,091	1,936,338	5.43%
1984	101,436	2,110,791	4.81%
1985	103,608	2,397,054	4.32%
1986	106,738	2,592,269	4.12%
1987	107,122	2,669,741	4.01%

Drayton Hall. — Built c. 1738 by Judge John Drayton, is one of America's finest colonial buildings. At the time of the ratification in 1788, it was the home of Dr. Charles Drayton (St. Andrew's, voted aye). It was also the boyhood home of Glen Drayton (St. Andrew's, voted aye).

State of South Carolina

REVENUE BOND COVERAGE

Last Ten Fiscal Years

(Expressed in Thousands)

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1978	$136,105	$ 88,802	$ 47,303	$ 2,493	$ 37,870	$ 40,363	1.17
1979	162,709	104,654	58,055	2,500	49,610	52,110	1.11
1980	182,894	110,925	71,969	2,590	59,598	62,188	1.16
1981	277,411	188,856	88,555	3,680	75,629	79,309	1.12
1982	368,297	226,885	141,412	5,570	123,563	129,133	1.10
1983	392,870	219,957	172,913	6,305	162,553	168,858	1.02
1984	407,950	238,139	169,811	7,795	160,259	168,054	1.01
1985	473,139	261,153	211,986	9,060	159,634	168,694	1.26
1986	487,146	263,131	224,015	10,500	150,224	160,724	1.39
1987	505,340	276,036	229,304	27,630	144,190	171,820	1.33

SOUTH CAROLINA STATE HOUSING AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1978	No revenue bonds outstanding						
1979[a]	$ 4,452	$ 93	$ 4,359	$ 94	$ 2,515	$ 2,609	1.67
1980[b]	22,514	836	21,678	405	13,251	13,656	1.59
1981[b]	23,319	1,622	21,697	3,985	16,274	20,259	1.07
1982	23,491	1,590	21,901	8,150	16,060	24,210	0.90
1983	36,335	6,187	30,148	7,530	25,412	32,942	0.92
1984	51,701	9,939	41,762	7,660	35,351	43,011	0.97
1985	68,728	12,891	55,837	13,774	46,647	60,421	0.92
1986	91,597	15,255	76,342	24,726	63,818	88,544	0.86
1987	83,269	14,946	68,323	19,730	60,505	80,235	0.85

[a]Information presented for the period January 1 through July 1.

[b]Information presented for the year ended July 1.

SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1978	$ 781	$ 196	$ 585		$ 275	$ 275	2.13
1979	1,528	300	1,228		475	475	2.59
1980	3,227	780	2,447		1,226	1,226	2.00
1981	4,482	397	4,085	$ 540	1,432	1,972	2.07
1982	6,351	883	5,468	820	2,374	3,194	1.71
1983	6,690	1,207	5,483	1,010	3,536	4,546	1.21
1984	12,424	2,106	10,318	1,265	7,516	8,781	1.18
1985	13,741	1,348	12,393	1,785	7,450	9,235	1.34
1986	13,179	2,053	11,126	2,530	7,974	10,504	1.06
1987	13,916	2,328	11,588	20,650	6,965	27,615	0.42

State of South Carolina

DEMOGRAPHIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population[a]	Per Capita Income[b]	Age[c] (Years)	School Enrollment[d]	Unemployment Rate[e]
1977	2,989,000	$ 5,561	27.0	663,080	7.2%
1978	3,041,000	6,201	27.4	663,901	5.7%
1979	3,087,000	6,887	27.8	654,833	5.0%
1980	3,122,814	7,585	28.2	648,319	6.9%
1981	3,186,500	8,376	28.7	642,015	8.4%
1982	3,227,000	8,712	29.2	633,682	10.8%
1983	3,264,000	9,301	29.6	673,871	10.1%
1984	3,300,000	10,134	30.1	669,809	7.1%
1985	3,347,000	10,626	29.8	668,985	6.7%
1986	3,378,000	11,096	30.1	670,980	6.2%

Sources:

[a] South Carolina Statistical Abstract, 1985 Edition; State Data Center, Research and Statistical Services Division, State Budget and Control Board; 1987 South Carolina Economic Report, State Budget and Control Board.

[b] 1987 South Carolina Economic Report, State Budget and Control Board.

[c] State Data Center, Research and Statistical Services Division, State Budget and Control Board.

[d] South Carolina Statistical Abstract, 1985 Edition; 1987 and 1986 Editions of Educational Trends in South Carolina.

[e] 1987 South Carolina Economic Report, State Budget and Control Board.

State of South Carolina

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

Last Ten Calendar Years

(Dollars in Millions)

	Nonresidential Construction		Residential Construction			Property Value	
Calendar Year	Number of Units	Value	Number of Units	Value	Bank Deposits	Nonresidential	Residential
1977	4,741	$276	29,539	$ 661	$ 9,588	Not Available	Not Available
1978	5,123	300	28,268	625	10,451	Not Available	Not Available
1979	5,491	488	31,762	859	11,400	Not Available	Not Available
1980	5,753	407	28,235	783	12,397	Not Available	Not Available
1981	6,347	375	24,920	748	13,331	Not Available	Not Available
1982	6,264	478	21,720	676	15,091	Not Available	Not Available
1983	7,588	419	35,322	1,184	16,992	Not Available	Not Available
1984	8,512	617	45,003	1,573	19,061	$23,339	$24,748
1985	6,744	659	44,190	1,592	20,868	24,879	25,754
1986	6,761	743	40,390	1,581	22,904	25,915	27,149

Sources: 1987 South Carolina Economic Report, State Budget and Control Board; State Tax Commission.

State of South Carolina

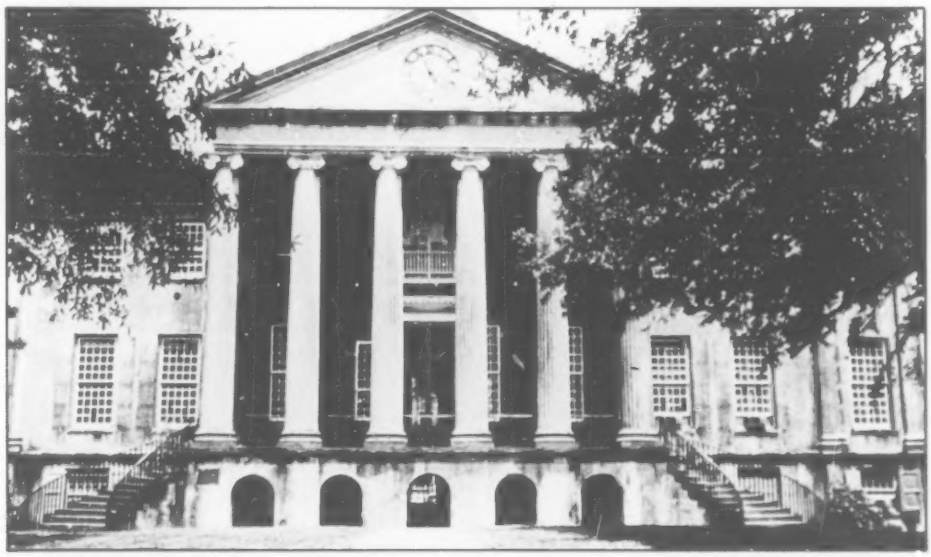
MISCELLANEOUS STATISTICS

December 31, 1987

Date of ratification — U. S. Constitution	1788[a]
Form of government	Legislative-Executive-Judicial
Miles of State highways	40,654[b]
Land area (square miles)	30,203[c]
State police protection:	
Police and sheriff districts	221[d]
Total number of sworn officers	6,475[d]
Higher education (universities, colleges, and technical education centers):	
Number of campuses	63[e]
Number of students	132,231[e]
Recreation:	
Number of State parks and historical sites	56[f]
Area of State parks	79,258 acres[f]
Area of forests	76,650 acres[g]
State Budgetary General Fund employees (full-time equivalents)	38,843[h]

Sources:

[a] 1987 Legislative Manual.
[b] Department of Highways and Public Transportation.
[c] State Data Center.
[d] State Law Enforcement Division.
[e] Commission on Higher Education.
[f] Department of Parks, Recreation, and Tourism.
[g] Forestry Commission.
[h] Budget and Control Board, Budget Division.



College of Charleston. — Founded in 1770 and chartered in 1785, this institution numbered several Convention delegates among its founding fathers. Charles Cotesworth Pinckney, Charles Pinckney and John Rutledge, signers of the Constitution, and Edward Rutledge and Thomas Heyward, Jr., signers of the Declaration of Independence, were members of its first board of trustees. Gov. John Mathewes, Dr. David Ramsay, Thomas Bee, and Hugh Rutledge (all of St. Philip and St. Michael); Gov. Arnoldus Vanderhorst and Joseph Manigault (Christ Church, voted aye); Dr. Charles Drayton and Richard Hutson (St. Andrew's, voted aye); Ralph Izard, Gabriel Manigault, and William Loughton Smith (St. James, Goose Creek, voted aye); Gov. William Moultrie (St. John's, Berkeley, voted aye); and John Lloyd (St. Bartholomew's, voted aye) all served as trustees of the College.

Charles Cotesworth Pinckney (1746-1825)

Charles Cotesworth Pinckney, son of Charles Pinckney and Eliza Lucas Pinckney, was born in Charleston February 26, 1746. Pinckney's father was at one time Chief Justice of the province of South Carolina and his mother was known for her part in the development and promotion of indigo. At the age of seven, he accompanied his parents to England and remained there to complete his education. He attended Christ Church, Oxford, and was admitted to the Middle Temple in London in 1764. Pinckney was called to the English bar in 1769 and, after travel on the continent, sailed to America later that year. He was admitted to the South Carolina bar in 1770.

Pinckney's political career began with a special election in 1769 which placed him in the Twenty-ninth Royal Assembly, where he remained until 1775. He was elected to the First and Second Provincial Congresses (1775-1776) and the First, Second, Third, and Fifth General Assemblies (1776-1780; 1783-1784).

In 1773, Pinckney married Sarah, daughter of Henry Middleton and sister of Arthur Middleton, one of the four signers of the Declaration of Independence from South Carolina.

In mid-1775, the First Regiment of South Carolina troops was organized and Pinckney became its ranking captain, then major, and finally colonel. He commanded Ft. Johnson at the defense of Charleston in June of 1776 and later traveled north where he became an aide to George Washington. During this

period he was present at the battles of Brandywine and Germantown. He was at the siege of Savannah and was in command of Fort Moultrie during the British attack on Charleston. He was captured by the British, sent to Philadelphia in June of 1781, and exchanged in 1782. Just before his discharge from the army in 1783, he was commissioned brigadier-general.

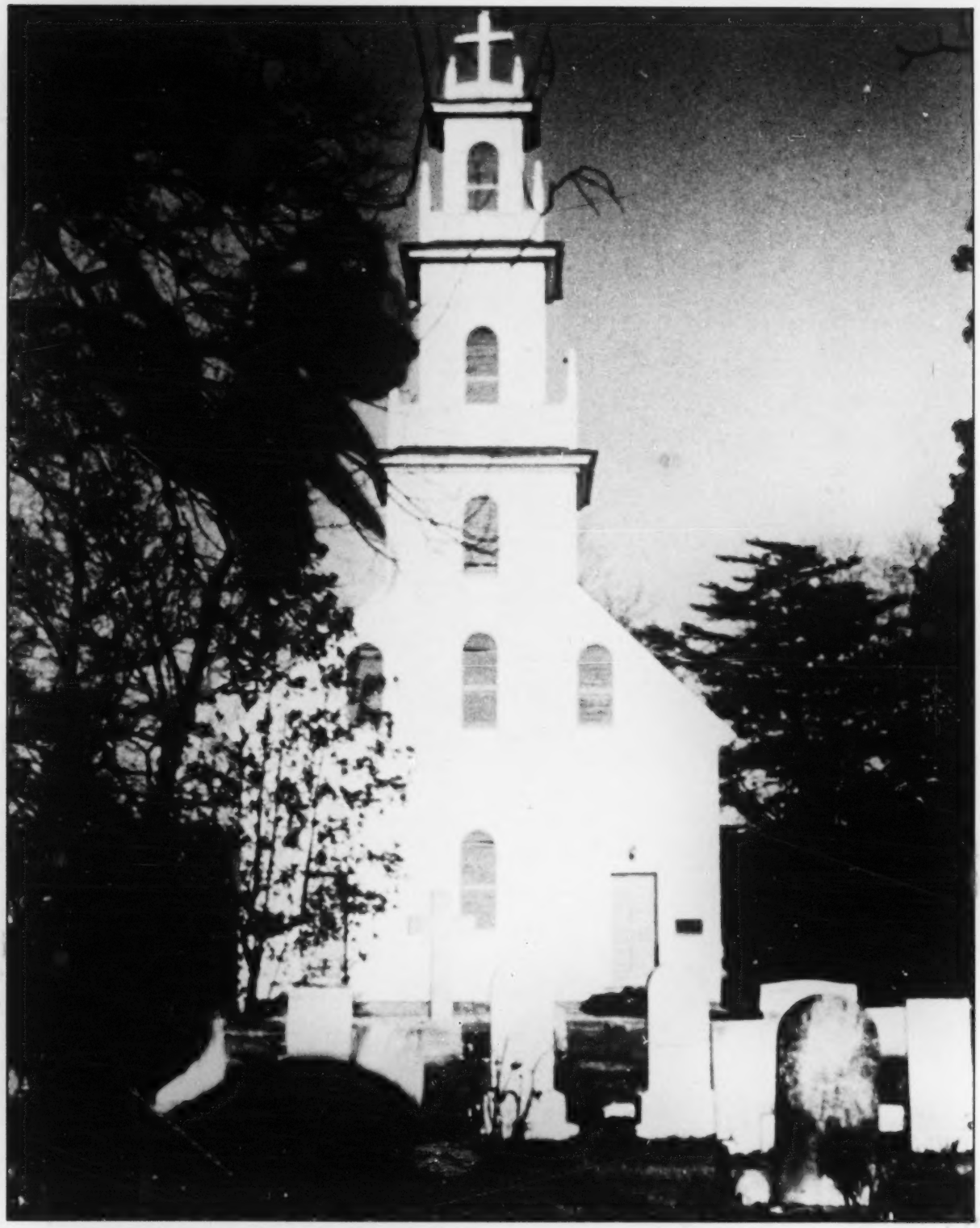
After the Revolution, Pinckney re-established his legal practice in Charleston and was often in public service. He was again elected to the General Assembly and was elected a delegate to the Constitutional Convention of 1787. While there he argued strongly for giving the Senate power to ratify treaties and that Senators should serve without pay. In 1788, he was a member of South Carolina's convention to ratify the Constitution and also a member of the State's constitutional convention of 1790. Pinckney was strongly opposed to removing the State capital from Charleston to Columbia.

In 1791, Pinckney was offered command of the United States army, a position which he declined. Although he had a number of subsequent offers of positions in the Federal government, Pinckney chose to remain in South Carolina. In 1797, however, Pinckney did accept President John Adams's request that he undertake a mission to France. It was here that the famous "XYZ" affair occurred, in which Pinckney, upon being informed that he must bribe a French official in order to hasten the diplomatic proceedings, replied, "It is no! No! Not a sixpence!" He returned home to South Carolina shortly thereafter.

In 1798, Pinckney was placed in command of all the Federal posts and forces south of Maryland, as well as those in Kentucky and Tennessee. Politically, Pinckney was a Federalist and in 1800 he was the choice of his party in an unsuccessful bid for the vice-presidency. In the two succeeding elections, he was the Federalist candidate for president.

Pinckney was constantly involved in public undertakings and remained in public office. He was a strong supporter of the establishment of South Carolina College (later the University of South Carolina) in 1801 and was the first elected member of its board of trustees. He was president of the Charleston Library Society, a member of the South Carolina Agricultural Society, and president of the South Carolina Society of the Cincinnati (he became third president-general of the Society of the Cincinnati in 1805).

Two years after his wife Sarah died in 1784, Pinckney married Mary, daughter of Benjamin Stead. Of Pinckney's four children (by his first wife), there was no issue. He died in Charleston, August 16, 1825, and was buried in St. Michael's Churchyard.



Old St. David's Church, Cheraw. — St. David Parish's delegation included Lemuel Benton, Capt. William DeWitt, Calvin Spencer, Samuel Taylor, Robert Brownfield and Benjamin Hicks, Jr. All voted for ratification, in contrast with most of the Upcountry delegations. The most distinguished member of the delegation was Benton, who served as Colonel of the Cheraws Militia under Marion, as a South Carolina legislator and a U.S. Congressman. He was a vestryman of St. David's. The parish was established in 1768. The church was built in 1770-73 and was used as a British hospital during the Revolution. Cheraw, founded in 1766, was the chief town of St. David's Parish.